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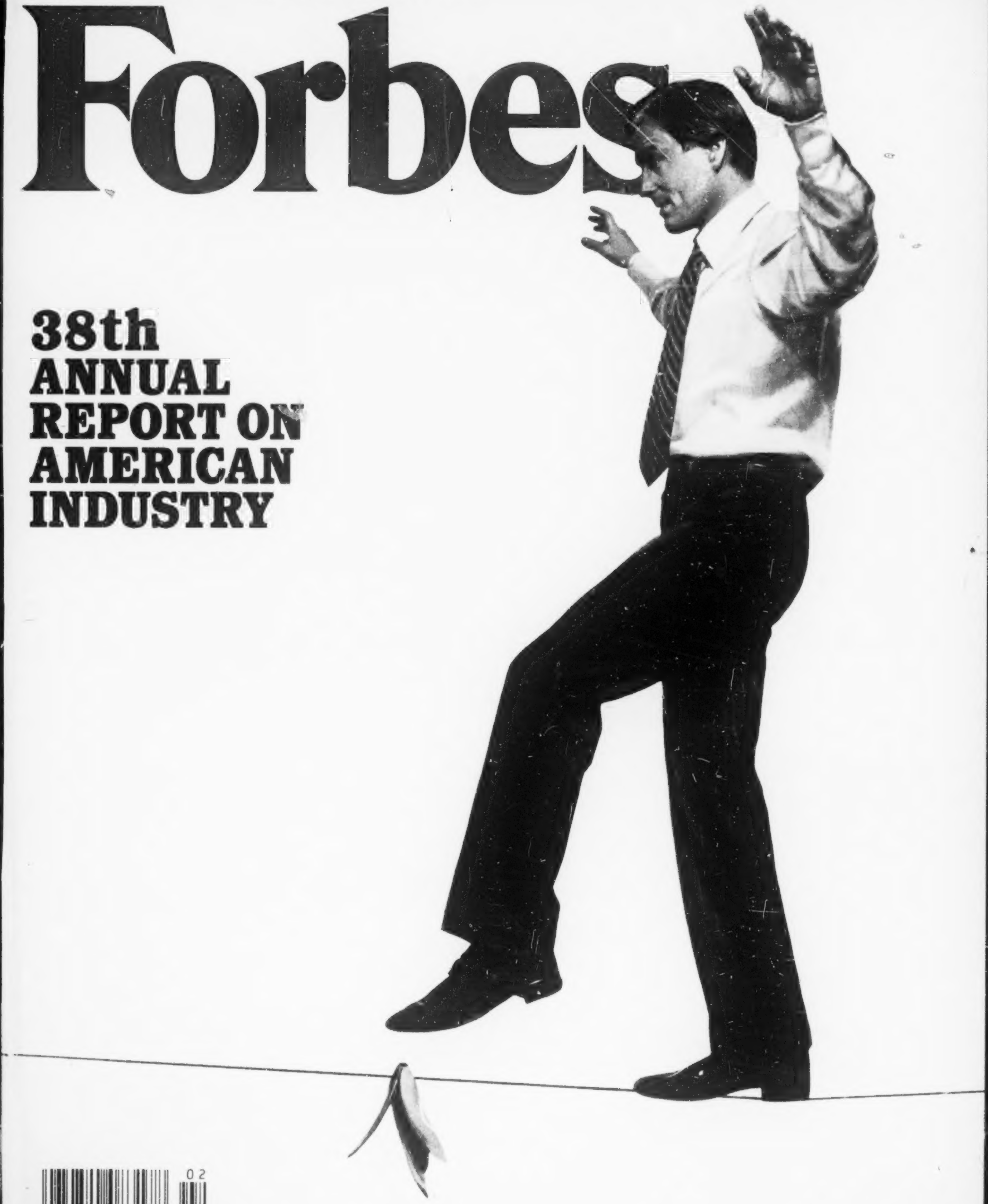

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Forbes

Annual Report on American Industry

January 13, 1986
Volume 137
Number 1

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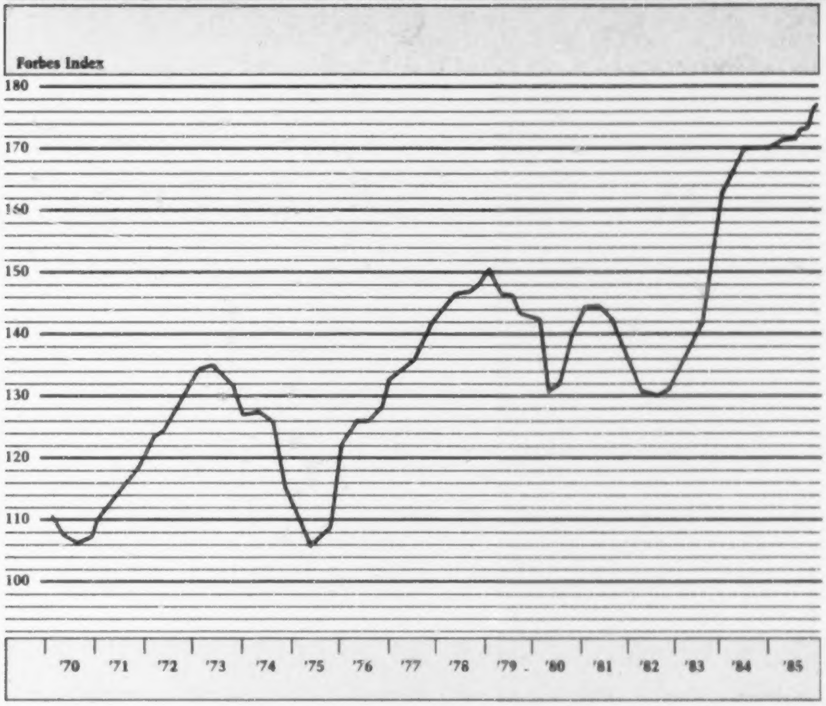
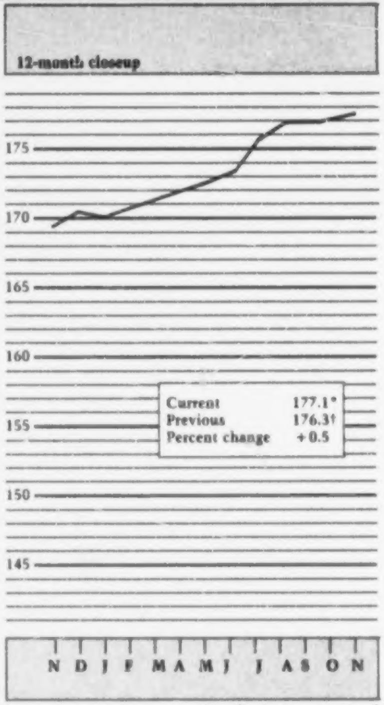
Cover illustration by Alan Reingold

The Forbes Index





*preliminary †revised

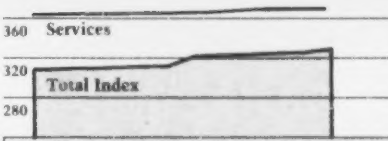
The right stuff. The Forbes Index, climbing at a slow but steady rate since November, again reached a new high. The economy is still growing, albeit slowly—which is just as well, since too rapid an acceleration in the economy would ignite fears of inflation at the Federal Reserve, prompting it to put its foot on the brake by tightening credit.

Retail sales and industrial production, which increased 1.1% and 0.4%, respectively, are principally responsible for the new peak. Even without Fed intervention, there are signs that some sort of a slowdown may loom ahead. New unemployment claims jumped 2.9% from the previous month. Also, consumer installment credit, at $530 billion, is up from $523 billion in September. That puts it at a disturbingly high 19% of disposable income.

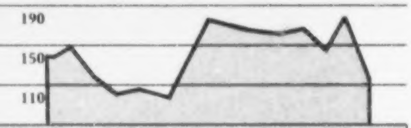
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

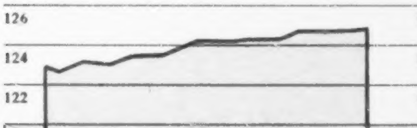
To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



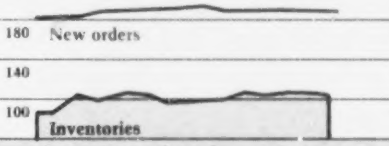
Consumer price indexes (1967 = 100)
all urban consumers, unadjusted (Dept. of Labor)



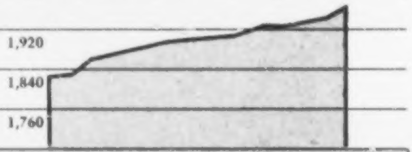
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



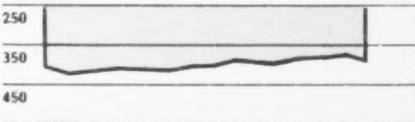
Industrial production index (1967 = 100)
seasonally adjusted (Federal Reserve)



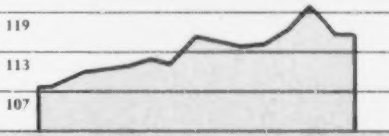
Manufacturers' new orders and inventories
($billions) seasonally (Dept. of Commerce)



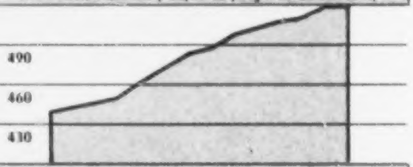
Personal income ($billions) **wage and salary disbursements, seasonally adjusted (Dept. of Commerce)**



Unemployment claims average for month
(thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

O N D J F M A M J J A S O N O N D J F M A M J J A S O N O N D J F M A M J J A S O N

THE FORBES YARDSTICKS 1985

For nearly four decades the Forbes Annual Report on American Industry has evaluated management performance of the nation's largest public companies. This, the 38th such report, covers 1,004 corporations.

Our purpose here goes beyond the mere compilation of statistics. We are being frankly and openly judgmental. Which managements are doing the best job within their respective industries? Which managements are asleep at their desks? You can't answer these questions with one or two numbers. Our Yardsticks have been refined and improved constantly since their introduction in 1949. We now analyze long-term and short-term profitability; growth in sales and earnings; stock market performance. Companies are ranked both within their industry group and against all other firms in the survey.

This, then, is not a simple statistical compilation. It is a report card, a revealing look at how well managers are managing the capital entrusted to them.

Each year companies fade from the list, merged, liquidated or shrunken in size. Others rise in their place. Even if a company was acquired, such as M. Lowenstein, or about to be acquired, such as RCA, the firm remains in the Annual Report for the past year, so long as its stock was publicly traded as of mid-November. Why? Because for purposes of comparison their performance remains relevant to that year.

To keep pace with changes in industries, company classifications have been revised and, in some instances, consolidated. For example, the retailing survey now reviews virtually all forms of retailing except restaurants. Restaurants are covered among food distributors. There are now 31 basic industry groups and 93 subgroups.

In this day of widespread diversification, a single company usually competes in several industries. Thus, in this survey, companies can be classified in as many as three separate industry or subindustry groups. Ex-Cell-O, for example, shows up in the automotive parts subindustry, where its five-year return on equity of 13.3% earned it an 11th-place rank; in heavy industrial equipment, where it ranked 18th; and in the aerospace and defense industry, where it ranked 30th. In all, about a quarter of the corporations are listed in two or more industries or subindustry groups.

Industry reports, appearing alphabetically, begin on page 58. On page 260 is an alphabetical index for cross-referencing all companies. The following notes detail how each Yardstick statistic is calculated.

SEGMENT SALES AND PROFITS

The segment sales and profits column shows the percentage of a company's sales and profits derived from a particular industry. Percentages are based on a company's most recent annual report. Although most firms provide segment data in this format, numbers in these columns may not add up to 100%. A bullet appears if 90% or more of sales or profits are within a particular segment.

There are two other points to consider in evaluating segment data. Line-of-business breakdowns can differ from company to company. And FORBES' segment definitions may also vary from company designations.

PROFITABILITY

Return on equity is defined as primary earnings per share for the year, divided by common shareholders' equity per share at the beginning of the year and expressed as a percentage. Common shareholders' equity, or shareholders' equity, assumes conversion of all convertible preferred stock at the start of each year. The difference between the stated value and the involuntary liquidating value of nonconvertible preferred shares is subtracted from equity.

For the purposes of this issue, FORBES uses earnings per share before extraordinary items. Gains or losses from discontinued operations are included in FORBES' calculations. A number of financial reporting services net out this figure, but such a procedure runs the risk of distorting reported income and profitability—as was the case last year with Cabot. The company took a $145 million writeoff in fiscal 1985 when it sold its specialty metals division.

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability

Where to find the Yardsticks

Growth rankings, p. 212
Stock market rankings, p. 226
Profitability rankings, p. 248
Industry median rankings, p. 256
Company index, p. 260

In the case of insurance companies, FORBES excludes realized capital gains because of the potential they have of managing earnings.

TIME PERIODS

For firms with fiscal years ending in April through December, growth rates are, by necessity, based on the fiscal years through 1984. For companies with fiscal years ending in January through March, five-year averages include the fiscal years through 1985. An average can be computed if at least four years' data are available. A footnote indicates when less than six years' worth of data were used. When data are not comparable or are unavailable, the growth rate is marked NA—not available.

Latest 12 months' comparisons are between the four quarters through September 1985—when available—and the same four quarters of the previous year. In the case of return on equity, income is divided by the prior year's equity figure. Periods vary slightly for companies with fiscal years not ending in December.

GROWTH RATES

There are several ways to calculate five-year sales and earnings growth rates. For those interested in statistical methods, this is how FORBES does the calculation: We use the least-squares method to describe the average year-to-year change in sales or earnings. This equation adjusts for sharp fluctuations. Example: Over three years earnings go from 25 cents to $6 and then down to $1. Simple math shows a 2,300% jump from the first to the second year, and then an 83.3% fall. But least-squares says, on average, earnings grew by 100% (25 cents x 100% x 100%). This method, however, cannot handle negative values. If first- or second-year earnings are negative, FORBES calculates the growth rate for a shorter period of time, starting at the first positive year. If earnings are negative in any of the last four years—as is often the case with cyclical stocks—the growth rate is listed as not meaningful (NM).

EARNINGS STABILITY

While the five-year earnings growth rate describes how much earnings grew on average, it may not reflect how much volatility there was in earnings over this period. Two firms could have the same growth rate as well as the same starting points of $1 in 1979 and ending points of $2 in 1984. But the first company could have posted steady annual gains of 12% or so while at the second firm earnings first fell to 50 cents, then rose to $3, bobbed a bit in between, then settled at $2 in 1984.

Obviously, such volatility must be reckoned with in judging performance. FORBES, therefore, calculates an earnings stability factor, or a coefficient of determination, which describes how much earnings fluctuate from the five-year growth rate. Companies with stability ratings in the top 15% are designated Very High, those in the next 20% High, the middle 30% Average, and so on. Abbott Laboratories' Very High earnings stability means that its earnings grew in a steady, rather than an erratic, fashion.

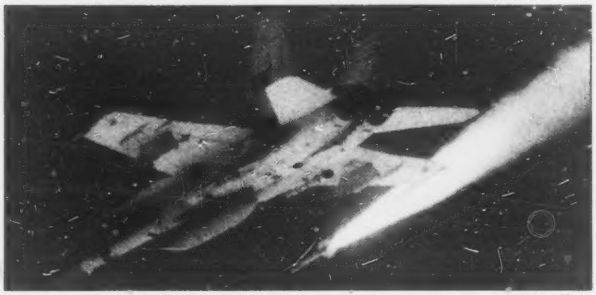
DEFINITIONS

FORBES defines Sales as net sales plus other operating revenue. For banks, sales is defined as total interest income plus other income. Net profit margin is calculated for the latest 12 months. It measures net income as a percentage of net sales, including other operating income. Debt as percentage of equity is calculated for the latest fiscal year. It is defined as long-term debt including capitalized leases, divided by total equity plus preferred equity. Earnings per share are figured on a primary basis.

Medians for all Yardstick components are calculated by listing companies in rank order and selecting the midpoint. Where there is an even number of companies, the midpoint is obtained by averaging the two middle firms.

What emerges, we believe, is a statistical mosaic that can help business people judge management performance, in both an absolute and a relative sense.

AEROSPACE AND DEFENSE



U.S. Navy Photo

$600 toilet seats and other scandals may get the headlines. But military backlogs remain huge and Star Wars is a lively hope.

By Tatiana Pouschine

THE U.S. ARMS BUILDUP HAS PEAKED. This year's defense budget for procurement, after growing at an average of 19.4% since 1977, is expected to rise by less than 5% and to stop growing entirely by 1988.

But weep not for the industry. There's an estimated quarter of a trillion dollars in backlogged hardware orders alone working its way through the system. Beyond that,

Aerospace and defense

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Lockheed	● /●	1	33.5%	32.5%	20.7%	4.1%	10	12.4%	25.2%		NM	17.2%	NM
EG&G	58/38	2	28.6	35.2	10.2	4.7	7	15.0	11.2	4	18.3%	9.4	very high
Todd Shipyards	82/NA	3	23.4	6.0	38.1	2.0	35	0.4	–30.7	16	7.1	–62.1	low
Litton Industries	44/NA	4	22.9	15.2	158.3	6.5	29	2.6	–0.3	18	5.4	–0.7	low
Teledyne	30/NA	5	21.3	24.6	92.4	8.6	28	3.5	–3.4	19	3.1	33.6	very low
General Dynamics	88/●	6	21.0	37.8	1.7	5.0	8	14.4	5.2	5	17.1	28.5	average
Morton Thiokol	47/38	7	21.0	29.5	21.7	10.7	3	20.6	–8.8	6	16.6	78.9	low
Boeing	● /●	8	20.5	13.3	7.7	4.0	27	4.8	30.4	24	0.3	–35.3	very low
Raytheon	49/NA	9	20.3	13.8	4.3	5.9	19	8.5	1.0	27	–1.0	63.9	very low
E-Systems	● /●	10	20.1	20.7	4.9	6.6	5	18.1	13.9	3	30.0	2.1	high
Wyman-Gordon	● /●	11	19.8	6.9	7.6	5.5	42	–3.8	–1.0	14	10.4	–46.4	low
Lear Siegler	37/32	12	19.7	15.9	44.2	4.0	25	5.7	11.6	23	0.3	2.2	very low
Tracor	66/46	13	19.4	15.9	42.0	5.4	6	15.0	11.0	9	15.7	–7.3	very high
Computer Sciences	● /●	14	18.8	15.9	26.0	3.8	18	8.8	10.7	25	–0.3	54.3	very low
Rockwell Intl	70/65	15	18.7	24.0	8.7	5.3	20	7.7	21.6	13	11.7	23.1	high
Sanders Associates	64/29	16	18.2	11.6	5.3	4.2	1	33.2	18.7	10	14.3	–14.7	very high
Sundstrand	62/78	17	17.0	13.5	30.1	5.9	30	2.6	24.6	32	–7.6	19.2	low
Loral	● /●	18	17.0	17.7	12.5	8.3	2	26.0	17.7	11	13.9	21.6	very high
TRW	36/NA	19	16.7	4.6	14.6	1.4	26	4.9	2.4	22	0.6	–69.4	very low
United Technologies	46/46	20	16.2	6.6	28.3	2.0	15	10.4	–4.3	17	6.4	–58.6	average
Westinghouse Elec	15/NA	21	16.1	15.5	15.2	5.6	24	6.1	4.0	15	7.4	13.8	high
Northrop	● /●	22	16.0	33.2	1.1	5.2	4	20.3	35.1	20	2.2	59.2	very low
Dynalectron	44/86	23	16.0	11.7	22.1	1.9	14	10.5	6.8	7	16.6	28.6	low
Perkin-Elmer	21/20	24	15.9	13.2	12.2	6.0	27	7.0	7.8	28	–1.5	5.4	very low

● 90% or more **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 56.

Star Wars.

Take defense electronics. This business, claims Rockwell President Donald Beall, "can show continued growth even in a flat defense budget." That's because progressively more advanced electronics can be attached to big weapons after the main hardware has been delivered. That's why Grumman is trying to become a major competitor in defense electronics, says its president, George Skurla.

Goldman, Sachs analyst Judith Comeau points out that most of the big contracts in 1985 went to larger companies such as GTE, Rockwell and Raytheon rather than to such traditional defense electronics companies as Sanders and E-Systems. It's harder for smaller companies to compete because the government is trying to get bidding on complete systems, not just components. Meaning, you don't buy walkie-talkies but complete battlefield communications systems.

Loral, a middling-size supplier, saw this coming, says Chairman Bernard Schwartz, and has acquired seven high-tech military electronics companies since 1978. Result: Paired with Hughes Aircraft, Loral has progressed in the competition for the INEWs contract, the government's integrated threat detection system, that could mean $10 billion in contracts over 15 years. Look, therefore, for more mergers in this business.

Spending on President Reagan's Strategic Defense Initiative was only $1.3 billion last year, but the total outlay for the program ultimately could run to hundreds of times that amount.

First Boston's Wolfgang Demisch says that GE, planning to merge with RCA, could be a major competitor for SDI business. GE, the nation's sixth-largest defense contractor, did $4.5 billion in contracts last year. With the addition of RCA's $1.1 billion in defense electronics, the combined company should become the fourth largest. Other possible players: Lockheed, TRW, Martin Marietta, Rockwell and Hughes.

The perils in defense contracting, however, were clearly illustrated last year by Todd Shipyards, the largest U.S. independent shipbuilding company.

Todd's 12-month earnings declined 62% and return on equity fell to 6%, about one-quarter its five-year average, as its estimated $2.7 billion Navy guided missile frigate contract wound down.

Boeing had a record backlog, orders through the end of November 1985 were up 107% from the comparable 1984 period, and the company nailed down an unprecedented $3 billion contract from United Airlines for 110 of its 737-300s and 6 of the 747s through 1990. The apparent 12-month earnings decline was a statistical blip; a change in tax laws distorted 1984 results.

What happened to McDonnell Douglas, whose 8% earnings growth fell far short of 1984's 23.7%? Trouble in parts of the promising information systems division probably cost over $100 million.

Opinions are divided as to prospects on McDonnell's proposed MD-11 airliner, about which the company has yet to reach a final decision.

Bad weather continued for makers of private and business aircraft. Total deliveries through October 1985 were down 13.3%, and the possibility of tax reform this year will hardly encourage businesses to buy corporate planes. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Harris Corp	**34/52**	**25**	15.2%	8.0%	21.9%	2.9%	**11**	11.9%	12.3%	**31**	–6.8%	–22.8%	low
Kaman	**47/69**	**26**	15.2	17.6	29.5	3.4	**17**	9.4	3.0	**8**	15.8	11.2	high
Rohr Industries	**● /●**	**27**	14.9	23.6	4.7	7.8	**21**	7.6	–1.1	**1**	43.5	17.3	average
Grumman	**84/87**	**28**	14.4	14.9	40.2	2.9	**13**	10.9	23.3	**2**	33.1	–25.3	average
Fairchild Industries	**68/DP**	**29**	13.5	def	49.3	def	**31**	2.5	–2.9		NM	P–D	NM
Ex-Cell-O	**36/67**	**30**	13.3	12.1	10.8	4.9	**32**	1.6	3.1	**21**	2.0	9.0	low
Honeywell	**26/20**	**31**	13.0	8.0	28.0	2.9	**23**	6.9	5.7	**29**	–2.7	–36.6	low
McDonnell Douglas	**● /●**	**32**	12.8	14.6	1.7	3.1	**12**	11.7	21.0	**12**	13.6	8.0	high
Hercules	**29/38**	**33**	12.1	11.0	30.8	6.0	**33**	1.5	–1.2	**26**	–0.9	–23.3	very low
Texas Instruments	**23/24**	**34**	11.6	def	24.7	def	**16**	9.8	–5.3		NM	P–D	NM
FMC	**42/48**	**35**	10.5	5.5	30.4	1.0	**36**	0.3	–10.4	**34**	–15.8	–70.8	low
Gates Learjet	**● /DD**	**36**	9.7	def	46.9	def	**37**	0.1	–23.2		NM	P–D	NM
Martin Marietta	**80/70**	**37**	9.7	37.8	55.4	5.4	**9**	13.7	–1.5		NM	D–P	NM
Sperry	**37/34**	**38**	9.4	1.1	29.6	0.5	**34**	1.3	13.6	**33**	–12.0	–88.9	average
Textron	**34/27**	**39**	8.8	14.7	16.0	3.3	**40**	–2.1	80.7	**30**	–6.4	84.5	low
Gould	**28/24**	**40**	7.9	def	29.6	def	**44**	–9.6	–11.3	**35**	–30.3	P–D	high
Singer	**44/43**	**41**	6.9	19.3	66.8	3.0	**39**	–1.8	–2.5		NM	90.4	NM
Cessna Aircraft	**86/DD**	**42**	6.2	6.3	36.5	2.6	**45**	–10.0	37.1		NM	D–P	NM
LTV	**27/75**	**43**	2.3	def	152.1	def	**38**	–0.1	24.4		NM	D–D	NM
Becor Western	**36/47**	**44**	def	1.3	27.2	0.6	**41**	–2.7	–10.7		NM	D–P	NM
Talley Industries	**29/48**	**45**	def	11.0	64.6	3.6	**43**	–8.3	13.3		NM	13.6	NM
Industry medians			**16.0**	**13.5**	**26.0**	**4.0**		**6.9**	**5.7**		**0.3**	**3.8**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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AIR TRANSPORT

The easy cost efficiencies are over. Now the airlines will have to go in for some of the old-fashioned things industrial companies have been doing for years.

By Catherine Yang

IT'S DIFFERENT FROM WHEN WE FIRST started People Express," says Harold Pareti, former president of People and now chief executive of fledgling Presidential Airways. "You were just there, bang, with tremendous presence overnight. I don't see it happening here. New entrants don't sneak in anymore."

With Presidential, Pareti is trying to establish a niche as a low-cost, full-service carrier operating out of Dulles near Washington, D.C. But what may have gone unnoticed five years ago has now triggered a furious response from the major airlines.

"We did expect that USAir would match our fares," says Pareti. "But New York Air's literally doubling its capacity to four flights a day on some routes was something we had not foreseen." That was the beginning. Last month mighty United Air Lines announced a new hub at Dulles to open in May with 50 flights a day.

Competition this fierce hurts everyone, not just the young and weak. Helped by a decline in fuel prices and lower labor costs, the industry had projected operating profits for 1985 of up to $3 billion. But because of widespread price-cutting and lower than expected traffic growth for the year, the actual profit total was more like $2 billion. While revenue passenger miles and load factors (the percentage of seats filled) rose for the domestic majors in the first part of 1985, yield (cents per revenue passenger mile) was down. That's the sacrifice airlines are making for volume growth.

The fact is, all the easy moves in this competitive business have been made—two-tier pay scales, smaller aircraft, hub-and-spoke routes to keep traffic on the same airline's routes. Now the carriers need more basic steps, the kind of management ordinary industrial companies have used for decades.

Large carriers have muscle in their balance sheets and in their marketing abilities if they will but use it. For example, frequent flyer programs have more appeal when the prize is a jet ride to exotic destinations like Hawaii or Europe. Or, instead of slashing prices on every seat on every flight, airlines with sophisticated computer systems

Air transport

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Freight													
Federal Express	●/●	1	29.4%	12.8%	74.5%	4.6%	1	39.2%	39.1%	1	30.5%	1.0%	very high
Emery Air Freight	●/●	2	25.3	13.4	46.2	2.6	3	9.0	10.3	3	0.8	–29.8	very low
Purolator Courier	74/49	3	18.3	def	52.9	def	2	10.1	1.5	2	3.5	P–D	very low
Pittston	37/PD	4	def	def	20.2	def	5	–7.7	–11.8		NM	D–D	NM
Tiger International	●/●	5	def	def	155.0	def	4	1.8	–16.0		NM	D–D	NM
Medians			**18.3**	**def**	**52.9**	**def**		**9.0**	**1.5**		**0.8**	**P–D**	
Airlines													
Southwest Airlines	●/●	1	25.6%	14.3%	42.4%	8.3%	2	30.4%	20.2%	2	12.0%	4.8%	high
USAir Group	●/●	2	20.8	12.8	56.3	6.[illegible]	5	16.4	8.7	3	6.7	–20.7	low
Piedmont Aviation	●/●	3	20.1	15.7	158.5	4.[illegible]	3	28.0	21.2	4	3.9	7.0	very low
Delta Air Lines	●/●	4	8.0	19.6	41.6	4.9	9	10.3	6.8		NM	1.1	NM
PSA	62/65	5	7.6	8.0	184.0	2.6	6	14.6	14.3		NM	D–P	NM

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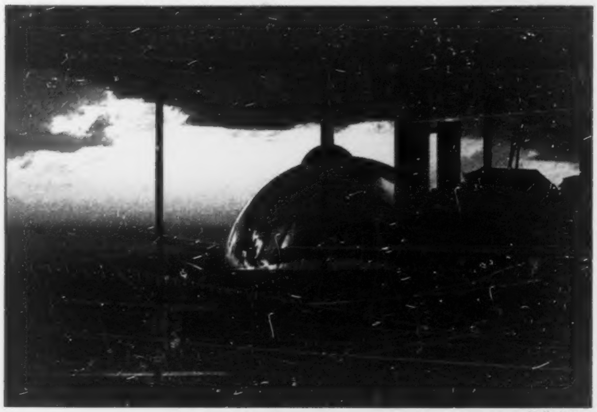

Holly Kuper

like United and American can offer a percentage of seats on flights in direct competition with discount airlines.

"Last year discounts averaged 56%," says Michael Derchin, an analyst with First Boston. "As long as traffic can grow as a result and costs remain low, this won't be debilitating. My going thesis is that there are going to be low fares forever."

If that's the case, and the big guys have the clout, it will be harder for the medium-size carriers to cope. They have to offer a broader range of discounts, often on a broader selection of routes. Some, like USAir, are high cost, with much less room to cut fares. At the other extreme, People Express, famed as a low-cost airline, has already cut most of what there is to cut.

"The carriers likely to survive will have some common characteristics, including a strong hub-and-spoke system with a commuter feed and an international route structure tied to it," says George James, president of industry consultants Airline Economics. "The smaller airlines will have to move on the periphery."

If the big lines are getting smarter and new entrants less common, will an oligopoly emerge? It's not likely, even with the consolidations of 1985: United bought Pan Am's Pacific routes, Carl Icahn bought TWA (maybe), and People got Frontier. But there is little likelihood of giant airlines actually emerging out of takeovers. Each time a merger happens in this business, overlapping routes are cut. The merged airline is never the size of the sum of the parts.

Since deregulation the four largest carriers have remained the same, but their market share has declined significantly, while the next eight have changed identities and their share has stayed roughly the same. It's the new smaller carriers that gained most (FORBES, *Aug. 12, 1985*). There is little reason to believe that trend will be reversed.

Meanwhile, booming business in the express delivery of documents and packages has yielded a winner in the air freight business: Federal Express. The express delivery business has grown at an average rate of 50% since it was created ten years ago. Federal Express occupies 70% of the next-morning delivery market and boasts a near-5% net profit margin. The airlines, mired forever, it seems, in cutthroat fare wars, can only dream of such margins. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Frontier Holdings	●/DD	6	6.4%	19.7%	131.3%	5.5%	10	10.0%	–12.3%		NM	D–P	NM
UAL	89/87	7	4.8	def	52.1	def	8	10.7	–11.4		NM	P–D	NM
NWA	●/●	8	3.6	7.9	11.2	2.9	7	12.2	6.9	1	17.0%	–22.7%	very low
People Express	●/●	9	3.5††	def	170.5	0.2		NA	72.7		NM	P–D	NM
AMR	●/●	10	3.4	19.4	87.3	5.8	11	9.5	13.4		NM	–7.3	NM
Pan Am	89/DD	11	def	def	461.0	def	13	5.2	–6.8		NM	D–D	NM
Eastern Air Lines	●/●	12	def	35.9	704.0	1.7	12	7.3	13.6		NM	D–P	NM
Western Air Lines	●/●	13	def	45.7	685.1	2.7	14	4.7	9.0		NM	D–P	NM
Republic Airlines	●/●	14	def†	553.6	1844.8	3.7	4	19.5	4.2		NM	8.4	NM
Texas Air	●/●	15	def†	NE	4071.3	3.9	1	49.0	59.5		NM	D–P	NM
Trans World Airlines	●/●		NA	def	164.4	def	15	2.9	4.1		NM	P–D	NM
Medians			**3.6**	**13.6**	**161.5**	**3.3**		**10.7**	**8.9**		**NM**	**–20.7**	
Industry medians			**4.2**	**12.8**	**131.3**	**2.7**		**10.2**	**8.7**		**NM**	**–26.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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APPAREL, SHOES AND TEXTILES

"Segmenting" is knowing what a customer wants and getting it there when it's wanted. But that is hardly a new idea.

By Eva Pomice

IN THE APPAREL BUSINESS these days, it's the survival of the best fit. Like VF Corp., the $1.2 billion (1984 sales) maker of Lee Jeans and Vanity Fair lingerie products. While the industry's overall return on equity was nearly cut in half, to 7.3%, in 1985, VF rang up 29.6%. Not bad when heavy imports and overoptimistic forecasts of consumer spending were causing a retail glut, knocking down margins for everyone.

What's VF's secret? Specialize, specialize, specialize. The buzzword for it is "segmenting," but what it really means is to make apparel with a specific customer in mind. "The firms that really have gotten their marketing and manufacturing strategies totally integrated are doing the best jobs," says Emanuel Weintraub, a Fort Lee, N.J. consultant.

Take VF's new Fernando Sanchez line of loungewear and lingerie by Vanity Fair, geared toward younger women. Or its highly segmented fleece sportswear division. True, it helped that, since the inventory glut hit the jeans companies earlier, they recovered first. But companies like VF and Liz Claiborne (too small for our list) "don't sit up in an ivory tower somewhere and expect other people to do the work," says First Boston's respected retailing analyst Margaret Gilliam.

Other firms have not adapted so well. Palm Beach, which recently completed a leveraged buyout, and Oxford Industries were both hurt by changing styles in categories like sportswear they didn't detect in time. Two of Oxford's high-margin divisions, Merona Sport and Polo boyswear, were hit hard. Why? "Merona didn't look any different in the fall than the fall before," says Jerard Less, president of Colton Bernard, Inc., a consulting firm. "They didn't have people in the stores in touch with what customers were buying." Weintraub agrees. "Apparel is a perishable item.

Apparel, shoes and textiles

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Apparel													
VF	●/●	1	30.9%	29.6%	34.7%	9.5%	2	17.5%	21.4%	3	35.4%	10.5%	very high
Oxford Industries	●/●	2	18.5	4.2	16.2	1.0	1	20.0	–7.3	2	39.7	–76.0	very high
Warnaco	●/●	3	17.9	11.0	17.0	3.3	9	3.9	9.6	7	6.5	–27.2	low
Palm Beach	●/●	4	15.9	2.3	82.8	0.5	6	6.5	–12.6	8	–5.3	–84.7	low
Manhattan Inds	68/49	5	13.8	def	72.4	def	4	8.7	11.8	10	–29.5‡	P–D	very low
Hartmarx	42/67	6	13.2	13.8	36.6	3.8	3	11.4	6.2	5	16.9	1.2	very high
Cluett, Peabody	●/●	7	10.9	7.3	50.4	1.8	7	6.3	3.5	6	14.3	–42.7	very high
Interco	35/39	8	10.9	5.9	18.3	2.5	8	4.8	–7.4	9	–8.4	–42.8	average
Phillips-Van Heusen	77/80	9	10.2	9.3	37.4	2.3	5	8.4	8.1	4	22.6	–24.2	high
Kellwood	69/83	10	8.2	17.8	129.0	2.7	10	2.1	–4.8	1	74.6	29.1	high
Genesco	25/28	11	5.6	def	105.1	def	11	–5.4	–8.0		NM	P–D	NM
Medians			**13.2**	**7.3**	**37.4**	**2.3**		**6.5**	**3.5**		**14.3**	**–42.7**	

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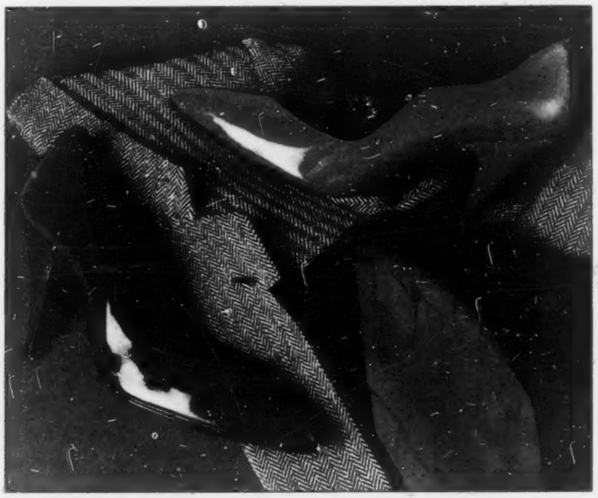
NA: Not available NM: Not meaningful ‡Four-year growth For further explanation, see page 56

Steven Brown



The retailer has to entice the customer continually to buy something he doesn't have a precise need for."

Smart manufacturers also battle imports by importing themselves. Liz Claiborne imports about 85% of what it sells, Phillips-Van Heusen, 50%. Kellwood owns an Asian subsidiary, Smart Shirts.

If you don't counterimport, then you have to move fast, getting the merchandise into the store closer to the time it's sold and providing a flexible product mix so retailers won't get stuck with what they and the customers don't want. "Quick response is the main thrust of domestic production versus importing," says Weintraub.

With a few smart companies around and a lot more not so smart, the apparel industry keeps shaking out. "The fact is, many of the $20 million or $30 million companies are too small to be big and, in this industry, too big to be small," says Weintraub.

Even big companies don't feel safe. Levi Strauss followed Blue Bell and went private, Warnaco announced a proposal for an LBO, Palm Beach has just completed one,

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Shoes													
NIKE	**82/NA**	**1**	55.4%	9.6%	2.8%	2.7%	**1**	45.1%	5.9%	**1**	37.8%	2.9%	high
United States Shoe	**33/NA**	**2**	20.2	14.2	10.7	3.4	**2**	13.8	14.5	**2**	11.0	–3.5	average
Brown Group	**31/NA**	**3**	17.1	7.8	17.1	2.1	**3**	6.7	–7.0	**3**	9.2	–52.0	high
Genesco	**29/ 9**	**4**	5.6	def	105.1	def	**4**	–5.4	–8.0		NM	P–D	NM
Medians			**18.7**	**8.7**	**13.9**	**2.4**		**10.3**	**–0.6**		**10.1**	**–27.8**	
Textiles													
Collins & Aikman	**82/65**	**1**	16.1%	21.7%	28.0%	6.0%	**2**	12.4%	4.0%	**2**	39.8%	7.0%	high
DWG	**30/15**	**2**	14.3	def	389.1	def	**1**	19.8	68.6	**6**	2.1	P–D	very low
West Point-Pepperell	**41/22**	**3**	13.0	6.2	21.4	2.4	**3**	3.4	–9.7	**5**	10.6	–49.1	high
M Lowenstein	**69/72**	**4**	10.9	11.4	27.9	3.9	**9**	–0.9	–7.0	**1**	47.5‡	–23.4	very high
Celanese	**46/54**	**5**	9.6	16.0	60.2	5.1	**8**	0.0	–7.2		NM	1.6	NM
Springs Industries	**51/30**	**6**	8.8	3.5	8.9	1.7	**4**	2.8	–6.1	**4**	11.8	–62.7	very low
Avondale Mills	**●/DD**	**7**	7.7	def	39.0	def	**7**	1.4	–23.3	**3**	25.6	P–D	average
Burlington Inds	**65/64**	**8**	7.1	1.1	36.4	0.5	**5**	2.3	–11.6	**7**	–4.8	–79.8	very low
JP Stevens	**36/16**	**9**	2.3	def	61.7	def	**6**	2.0	–9.9		NM	P–D	NM
United Merchants	**46/28**	**10**	def	def	248.2	def	**10**	–5.7	39.1		NM	P–D	NM
Medians			**9.2**	**2.3**	**37.7**	**1.1**		**2.2**	**–7.1**		**6.4**	**–71.3**	
Industry medians			**10.9**	**6.2**	**36.6**	**2.1**		**4.8**	**–6.1**		**10.6**	**–49.1**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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NA: Not available NM: Not meaningful ‡Four-year growth For further explanation, see page 56

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and rumors are that Phillips-Van Heusen may follow.

The import-beleaguered textile industry is also fast consolidating. Cluett, Peabody's merger with West Point-Pepperell may strengthen both companies. Cluett's brand names like Arrow will buttress the textile giant, while West Point's tighter management may shore up Cluett's margins. The Springs Industries–M. Lowenstein Corp. merger may also prove to be a good fit. Springs is strong in solid fabrics, while Lowenstein is known for printed ones.

Fieldcrest Mills will double in size by buying Cannon Mills Co.'s sheet and towel division from David H. Murdock.

Collins & Aikman, with a 21.7% return on equity for the last 12 months, is another company making it against imports and oversupply.

With a few smart companies around and a lot more not so smart, the apparel industry keeps shaking out. "The fact is, many of the $20 million or $30 million companies are too small to be big and too big to be small," says Weintraub.

Again, the lesson is specialization—in C&A's case, in upholstery and automotive fabrics. Says Alan Silverman, an analyst with Evans & Co., "They don't produce billions' worth of everything. They produce a billion of what they can make money in."

The shoe business? Imports are now 78% of the market. But what's left—specialists all—had a nice turnaround in 1985. Nike, for example, made a dramatic comeback in midyear after six months of readjusting its product mix. "We had to dump about 10 million pairs of shoes," says a Nike spokesman. What happened? "The running shoe industry has diversified into a whole variety of different types of sport and fitness shoes," and Nike had fallen behind.

With some of the big inventory glut now cleaned out, the outlook for these companies in 1986 is better. In fact, the consulting firm Kurt Salmon Associates predicts apparel sales will be up 5% in current dollars, and shoe sales will be up 4%. Others are not as optimistic, but for an industry group that came in 26th this year out of 31 ranked by FORBES, anywhere near that figure wouldn't be half bad. ■

AUTOMOTIVE

As they move into the down cycle and face increased foreign competition, the U.S. big three are in much better shape than at the start of the last down cycle.

Holly Kuper

By Ralph King Jr.

THE AUTOMOBILE BUSINESS ALWAYS WAS a roller coaster. Following quite a hungry period after the energy crisis erupted, the industry was restored to record profitability over the past few years but now is starting to slide again. Competition, always stiff, now is becoming intense.

It's coming from both sides. Overall, imports will take 30% of total car sales. In small cars, new imports from

Automotive

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Automobiles and trucks													
Subaru of America	●/●	1	55.5%	35.9%	14.1%	5.3%	1	15.0%	20.4%	2	41.4%	24.7%	very high
Paccar	●/●	2	13.2	12.8	2.0	4.5	7	0.1	–9.9	3	–8.0	–18.9	very low
General Motors	●/NA	3	9.1	14.4	11.5	3.9	4	5.6	10.5	1	148.3‡‡	–29.9	very high
Ford Motor	●/●	4	6.6	25.5	21.5	4.8	5	4.2	1.5		NM	–16.3	NM
Fruehauf	●/●	5	4.6	13.8	84.2	2.9	6	1.6	–4.6		NM	–9.2	NM
Mack Trucks	●/●	6	def	def	13.6	def	8	–0.4	15.6		NM	P–D	NM
American Motors	●/●	7	def	def	162.0	def	3	7.0	–6.6		NM	P–D	NM
Intl Harvester	●/●	8	def†	def	382.1	def	9	–13.2	–27.0		NM	D–D	NM
Chrysler	●/●	9	NE	59.2	23.0	9.1	2	10.4	17.9		NM	120.3	NM
Medians			**4.6**	**13.8**	**21.5**	**3.9**		**4.2**	**1.5**		**NM**	**–18.9**	

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For further explanation, see page 56.

Korea, Yugoslavia and even Greece—Yugoslavia's entry, the Yugo, is priced at only $3,990—are expected to join Japan in grabbing 45% of this year's low-end sales. Ford and Chrysler could bear the brunt of this since half or more of their cars compete in that segment.

Detroit has moved to meet the Japanese and their imitators by importing its own cars from the Far East, like General Motors' Sprint and Chrysler's Colt. But the long-term outlook is hardly promising. Lee Iacocca himself predicts that foreign cars and parts will have captured one-half of U.S. sales before 1990.

In the middle and higher price ranges, meanwhile, the situation is just as serious. The Germans, and now the Japanese, may take 15% of sales in this segment in 1986, compared with 12% in 1985.

But Detroit's not just sitting there. Not this time. The big three have sharply reduced break-even points—40% in the case of Ford—cut their work forces, increased productivity through automation and cut costs with better inventory control. They are also building cars that are competitive both in features and in cost.

"We've produced every car we can since February 1984. That's a long time waiting for the world to cave in. Besides, we're in pretty good shape to take it on if it does," says Ford Executive Vice President Louis Ross.

General Motors will pump an estimated $40 billion into plant technology in the next four years. Just as important, says Lloyd Reuss, vice president of Chevrolet-Pontiac-GM of Canada, GM is enlisting the support of workers in narrowing the nearly $2,000 price advantage of the Japanese imports. Translation: Members of the United Auto Workers union, already losers in new production strategies, will have to be more conscientious if they want to hold on to their jobs.

But it may do little to remedy another development: the dramatic expansion of production capacity on U.S. soil. In 1982 there were five carmakers here. Since then three Japanese firms have arrived and three more are on the way.

The moves came in response to voluntary import restraints begun four years ago but officially dropped last April. In effect, the agreement "backfired," says consultant Leonard Sherman of Booz, Allen & Hamilton. By 1990 the newcomers will have the capacity to churn out 1.4 million units. That's 12% of the total current capacity in the U.S.

This wouldn't be so bad in an expanding market. But even if the combined car-truck market of 1985—15.3 million vehicles—holds up, an increasing import bite (up 5% this year and more to come) will leave U.S. domestic makers trying to snatch a dwindling share of the pie from one another. The big three's earnings hit around $7.5 billion last year. This year? Estimates run from $5.2 billion to $6.7 billion. Consumer incentives will take a toll. Last fall's cut-rate financing programs cost the industry $450

Automotive

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Automotive parts													
Snap-on Tools	●/●	1	20.6%	20.1%	6.8%	10.3%	11	6.5%	12.0%	11	5.1%	3.5%	low
Lear Siegler	29/35	2	19.7	15.9	44.2	4.0	14	5.7	11.6	17	0.3	2.2	very low
Genuine Parts	65/78	3	19.6	17.9	3.6	5.5	4	12.2	1.0	9	7.1	7.9	very high
Rockwell Intl	18/23	4	18.7	24.0	8.7	5.3	10	7.7	21.6	5	11.7	23.1	high
Purolator Courier	25/50	5	18.3	def	52.9	def	5	10.1	1.5	12	3.5	P–D	very low
TRW	29/29	6	16.7	4.6	14.6	1.4	16	4.9	2.4	16	0.6	–69.4	very low
Federal-Mogul	80/●	7	15.3	13.8	38.4	5.0	18	4.6	1.2	15	0.7	–4.0	very low
Sealed Power	82/NA	8	15.1	13.9	10.9	5.5	3	18.1‡	20.0	4	12.2	–20.4	average
Johnson Controls	39/50	9	14.4	14.7	23.8	4.4	9	8.1	25.4	7	9.3	1.9	average
PPG Industries	37/NA	10	13.8	15.6	24.3	7.2	12	6.0	3.9	13	3.1	2.5	very low
Ex-Cell-O	32/24	11	13.3	12.1	10.8	4.9	23	1.6	3.1	14	2.0	9.0	low
Borg-Warner	29/43	12	13.1	10.8	14.7	4.4	8	8.4	0.8	10	6.2	–15.4	average
Allied-Signal	24/19	13	12.7	14.0	45.7	4.8	1	19.6	–5.9		NM	301.7	NM
Colt Industries	30/37	14	12.3	39.8	36.3	7.6	28	–5.6	1.6		NM	24.8	NM
Echlin	●/●	15	12.1	17.5	27.9	5.9	2	19.2	12.0	2	16.4	3.8	average
Cummins Engine	●/●	16	11.4	11.2	34.1	3.3	19	3.0	–0.5	1	24.2‡‡	–59.7	very low
Dana	83/88	17	11.0	15.1	26.0	5.0	17	4.6	6.0	18	–1.6	2.5	very low
Arvin Industries	52/62	18	9.0	16.0	30.6	4.1	6	10.1	9.8	3	12.7	10.7	low
Eagle-Picher Inds	33/48	19	8.9	10.8	27.0	4.0	24	1.0	–1.3	19	–4.4	–1.5	very low
Eaton	51/23	20	8.0	20.1	36.7	6.7	27	–1.6	9.0		NM	2.0	NM
Champion	63/59	21	7.7	6.1	7.2	2.6	26	–0.3	2.4	20	–12.8	–29.6	high
Sheller-Globe	84/87	22	7.6	18.1	51.3	4.0	13	5.8	12.4	6	11.1‡‡	11.3	low
Barnes Group	74/79	23	6.8	8.1	30.0	2.4	22	2.1	–11.9		NM	–55.2	NM

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million in potential earnings.

Pessimists see a situation developing similar to Europe's, where the industry seems unable to get above an unprofitable 80% of capacity. Says John Hammond of Data Resources, Inc.: "The only relief valve is fewer imports." Unlikely.

The auto parts suppliers may be hit worst of all. A shakeout looms for them as the big three try to strip down production costs by some 30%. The Japanese, too, are competing directly for position here. For example, sales have more than tripled, to $170 million, since 1983 at Nippondenso Sales, the Detroit-based subsidiary of Japan's auto supply leader. Its largest customer is Ford. The firm primarily imports, but it is putting a large addition onto its Battle Creek, Mich. plant.

As in any shakeout, the beneficiaries will be the strong. In exchange for playing a more active role in design and engineering, favored suppliers such as A.O. Smith and Sheller-Globe are already landing longer-term and higher-volume contracts. "Everyone is trying to make sure his place in the network is established," says Peter Van Hull of Arthur Andersen & Co.

Elsewhere:

- In replacement parts, suppliers are being battered by car dealer service contracts, longer intervals between repairs and the growing number of foreign cars on the road. Unit growth has slowed to just 1% to 2%, less than half of the rate in the 1970s, says consultant Gregory Macosko at ACS Ltd.
- In tire and rubber, this year will probably bring more plant closures, more diversification and drab profits. Unit volume will be off 5%. Another 10% drop in industry capacity is expected, as in 1985, but continued price-cutting will cancel potential benefits.
- In medium and heavy trucks, U.S. manufacturers are getting their first taste of competition from Japan. Two Japanese producers recently started selling through established dealers, Nissan with International Harvester and Isuzu with General Motors. Ford? It's building its new Cargo midsize truck in Brazil. More supply but, again, less demand. A 5% decline is seen for the industry overall.

Hardest hit in trucks will be the class-8 market. That could mean trouble for Paccar Inc., second most profitable among the big automotive companies over the past five years, although its sales and earnings fell over the last 12 months.

The cheeriest note is in the recreational vehicle industry, which has yet to contend with foreigners. The industry performed poorly in 1985, when the strong dollar made it irresistibly cheap for Americans to go to Paris instead of Yellowstone. This year, predicts analyst Robert Buchanan of Legg Mason Wood Walker, RV sales will climb 2% to 5%, and the industry will move a little closer to its historical performance. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Libbey-Owens-Ford	**41/NA**	**24**	6.6%	14.1%	39.4%	4.0%	**15**	5.2%	12.0%	**8**	7.7%	0.7%	very low
Dayco	**27/23**	**25**	5.4	8.4	84.9	1.6	**20**	2.6	3.9	**21**	–17.2	–25.7	low
Allen Group	**●/●**	**26**	5.3	13.3	37.8	3.8	**25**	–0.2	–9.4		NM	22.6	NM
AO Smith	**64/NA**	**27**	def	def	60.6	def	**21**	2.1	–4.4		NM	P–D	NM
Massey-Ferguson	**25/46**	**28**	def††	def	482.3	0.0	**29**	–15.5	–8.5		NM	D–D	NM
Masco Industries	**50/66**		NA	20.8	239.7	4.8	**7**	8.7	9.3		NA	NA	NA
Medians			**12.2**	**14.0**	**30.6**	**4.4**		**5.2**	**3.1**		**1.4**	**2.0**	
Recreational vehicles													
Fleetwood Enterprises	**60/73**	**1**	14.2%	21.0%	0.0%	4.0%	**2**	15.3%	–11.5%	**1**	194.2%‡‡	–16.4%	very high
Coachmen Industries	**●/●**	**2**	13.8	7.1	8.4	1.7	**1**	32.9	–30.4	**2**	98.0‡‡	–65.3	average
Skyline	**32/●**	**3**	6.0	7.4	0.0	2.8	**3**	–2.8	–14.6	**3**	–5.6	14.3	low
Medians			**13.8**	**7.4**	**4.2**	**2.8**		**15.3**	**–14.6**		**98.0**	**–16.4**	
Tire and rubber													
Cooper Tire	**●/●**	**1**	22.2%	12.3%	22.7%	3.8%	**1**	13.7%	–2.0%	**2**	23.8%	–13.6%	high
Goodyear	**74/68**	**2**	10.4	13.6	20.7	4.5	**3**	4.2	–5.8	**3**	9.3	2.8	average
Armstrong Rubber	**73/62**	**3**	7.7	7.0	25.9	2.1	**2**	11.6	15.4	**4**	8.5‡‡	–41.8	high
GenCorp	**41/16**	**4**	5.0	4.2	34.2	1.3	**4**	2.2	25.2	**5**	–27.5	–36.0	low
BF Goodrich	**43/48**	**5**	3.4	def	61.6	def	**5**	2.2	–5.0		NM	P–D	NM
Firestone	**73/NA**	**6**	3.3	4.7	19.4	1.5	**6**	-6.1	–7.6	**1**	41.8‡‡	–38.4	very low
Medians			**6.4**	**5.9**	**24.3**	**1.8**		**3.2**	**–3.5**		**8.9**	**–37.2**	
Industry medians			**9.8**	**13.6**	**26.0**	**4.0**		**4.9**	**1.6**		**0.7**	**–11.4**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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BANKS AND THRIFTS

Charles Harbutt Archive

Sour loans? Confidence catastrophes? Regulatory outcries? Despite it all, banks and even some thrifts are getting their assets in gear.

Banks and thrifts

Yardsticks of management performance

	Profitability					**Growth**						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Multinational banks												
Bankers Trust NY	1	18.4%	17.2%	36.9%	7.4%	6	8.9%	6.1%	3	10.9%	13.1%	average
JP Morgan	2	15.7	18.7	20.8	10.5	4	9.9	6.3	4	10.6	39.2	very high
Bank of Boston	3	15.6	17.4	47.9	5.9	3	11.0	14.9	1	12.1	59.5	very high
Chemical New York	4	15.4	16.2	44.0	6.9	5	9.7	2.4	5	10.4	21.6	very high
Citicorp	5	15.2	16.0	199.9	4.6	2	11.1	13.1	2	11.2	21.4	high
Irving Bank	6	14.2	12.7	46.7	5.3	8	7.8	–0.9	6	3.4	9.4	low
Manufacturers Hanover	7	13.7	12.8	214.0	4.8	1	14.0	9.7	7	3.3	15.6	average
Chase Manhattan	8	13.2	12.9	57.7	5.4	9	7.6	3.5	8	–0.2	28.6	very low
BankAmerica	9	10.6	def	90.2	def	10	7.0	–0.8	10	–16.8	P–D	very high
First Chicago	10	8.1	8.0	37.7	3.6	7	8.7	4.3	9	–4.2	135.3	very low
Continental Illinois	11	def	22.8	141.4	4.7	11	1.3	–29.3		NM	D–P	NM
Medians		**14.2**	**16.0**	**47.9**	**5.3**		**8.9**	**4.3**		**3.4**	**21.5**	
Northeast banks												
Republic New York	1	22.0%	14.5%	62.4%	9.3%	9	19.0%	14.9%	6	10.6%	3.6%	average
Midlantic Banks	2	21.2	19.1	33.3	9.9	5	21.8	22.5	7	10.3	15.7	very high
State Street Boston	3	21.0	19.3	30.5	10.2	13	13.4	11.3	2	26.6	14.7	high
Fleet Financial	4	18.2	19.1	84.3	10.1	12	15.6	10.3	3	14.8	22.1	very high
Hartford National	5	16.6	18.4	8.7	9.9	4	22.5	29.3	12	9.0	10.7	average
First Fidelity Bncp	6	15.8	14.9	14.5	8.6	2	29.0	8.8	5	11.0	0.6	very high
Norstar Bancorp	7	15.5	14.9	33.0	10.3	1	35.7	32.1	11	9.4	5.4	very high
Bank of New York	8	15.4	15.4	22.3	7.9	14	12.3	4.0	4	13.4	4.2	very high
Fidelcor	9	15.4	16.9	29.9	7.1	10	17.0	3.6	1	53.5	17.2	very high
Bank of New England	10	15.3	18.0	24.1	7.2	8	19.7	9.3	10	10.0	–6.1	high

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. For further explanation, see page 56.

By Matthew Schifrin

FOR THE BANKS IT WAS THE BEST of times and the worst of times. Last year more than 110 of the nation's 15,000 banks failed, the most since 1937. Another 1,137 are on the FDIC's problem list. But bank stocks are riding high. And overall return on equity for the seven bank groups on our lists was 15.1%, compared with 13.5% in 1984 and 12.9% in 1983.

The profitability came partly from falling interest rates. Why else are the stocks doing well? Merger mania. In June the Supreme Court legitimized regional compacts on interstate banking. In effect, each state can now legally pick its partners in the mergers and acquisitions game. But there are some wallflowers in this game: New York, California and Texas, homes of the money centers. In fact,

	Profitability					**Growth**						
	Return on equity					**Sales**			**Earnings per share**			
Company	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
BayBanks	**11**	15.0%	16.0%	4.5%	7.5%	**11**	16.4%	10.6%	**13**	8.3%	29.1%	very high
KeyCorp	**12**	14.2	17.1	28.1	9.6	**3**	24.4	38.4	**8**	10.1	22.7	high
Mellon Bank	**13**	12.9	12.6	53.5	6.2	**6**	19.8	9.8	**15**	4.7	15.9	low
Shawmut	**14**	12.5	15.4	22.0	7.7	**7**	19.7	8.4	**9**	10.0	19.6	very high
Marine Midland	**15**	9.9	8.9	59.0	4.0	**15**	10.5	–2.4	**14**	7.2	–3.5	average
Medians		**15.4**	**16.0**	**29.9**	**8.6**		**19.7**	**10.3**		**10.1**	**14.7**	
Mid-Atlantic banks												
PNC Financial	**1**	17.1%	18.6%	36.4%	10.4%	**7**	14.1%	23.2%	**4**	13.8%	25.7%	very high
United Virginia Bkshs	**2**	17.1	17.6	14.6	9.1	**1**	16.1	11.1	**5**	13.5	14.7	very high
Sovran Financial	**3**	16.4	17.6	14.8	8.9	**3**	14.7	13.8	**2**	16.0	16.8	very high
CoreStates Financial	**4**	15.2	31.8	43.3	17.8	**8**	12.9	1.3	**3**	15.6	97.0	high
Meridian Bancorp	**5**	14.8	17.3	33.5	8.7	**4**	14.4	38.8	**7**	8.5	31.7	very high
Maryland National	**6**	14.3	16.9	51.7	7.8	**2**	15.1	23.8	**6**	9.1	35.8	high
Bank of Virginia	**7**	13.4	18.3	19.7	8.0	**6**	14.2	13.7	**1**	19.6	16.0	high
Riggs National	**8**	12.8	13.2	43.5	6.3	**5**	14.3	6.8	**8**	2.2	17.4	low
First Pennsylvania	**9**	def	def	49.9	2.8	**9**	–10.2	0.1		NM	D–D	NM
Medians		**14.8**	**17.6**	**36.4**	**8.7**		**14.3**	**13.7**		**13.5**	**17.4**	
Midwest banks												
Banc One	**1**	18.6%	18.2%	13.4%	10.5%	**1**	35.1%	20.7%	**1**	12.7%	13.4%	very high
Mercantile Bancorp	**2**	15.0	12.9	33.7	7.7	**12**	7.9	9.4	**10**	3.9	4.7	average
First of America Bank	**3**	14.7	19.1	29.7	8.1	**2**	27.3	6.6	**2**	12.5	27.8	average
Huntington Bcshs	**4**	14.3	16.1	18.6	8.0	**3**	22.7	4.5	**8**	4.3	20.2	low
First Bank System	**5**	13.6	14.8	51.4	6.5	**6**	16.1	9.4	**7**	4.6	40.1	average

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four year growth. ††Three year average. For further explanation, see page 56.

New York is the only state that has yet even to be named in the regional network of another state.

The regional banks are having their way, and it may be at least another five years before money centers are let in. By that time, there may be something new on the scene: the superregional bank. Regionals are merging so rapidly that their stocks enjoy at least a 20%-multiple premium over money centers, and most have more than doubled S&P's 500's performance this year.

In the Southeast, the hottest merger area in the country, nine of the ten banks on our list have been involved in mergers. First Union of North Carolina is doubling, to $16 billion in assets, by acquiring three other banks. Wachovia (now First Wachovia) purchased First Atlanta, nearly doubling to $16 billion. And by early this year NCNB's assets will pass the $20 billion mark. Before the June decision only two southeastern banks had assets over $11 billion; now five potentially have $15 billion or more. To be sure, $16 billion is a far cry from Citicorp's $169 billion in assets, but the superregionals don't intend to stop there.

Weep not for the money centers. They have their methods. "We have done more geographic expansion since that goddamn decision than we did before it," says Chase Manhattan's Vice Chairman Anthony Terracciano. "Look, we are not going to get any help on this issue, so we have to take advantage of opportunities as they come along."

Plenty have come along—"nonbank" areas like Citibank's massive credit card network and Manufacturers Hanover's financial services arm, CIT Financial. In the wake of the thrift crisis in Ohio and Maryland, Chase bought nine S&Ls there with the blessings of the regulators and is converting them into commercial banks. Citicorp and Chase are planning to acquire banks outright in states such as Arizona that allow nationwide banking.

Moreover, the big banks are turning themselves into investment banks more rapidly than ever. They can't underwrite corporate debt and equity, of course, because of the Glass-Steagall Act, but they can do such things as mergers and acquisitions, Euromarket underwriting and interest-rate swaps. Over 25% of most money centers'

Banks and thrifts

Yardsticks of management performance

	Profitability					**Growth**							
	Return on equity					**Sales**			**Earnings per share**				
Company	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
First Wisconsin	6	13.0%	11.9%	17.3%	6.2%	15	4.6%	4.1%	9	4.3%	19.8%	average
National City	7	12.7	16.5	30.5	7.8	8	13.4	78.8	6	5.0	22.6	average
Society	8	12.0	13.7	20.8	5.8	7	14.8	60.0	4	6.4	6.5	average
NBD Bancorp	9	11.3	12.9	21.3	7.6	10	9.1	14.8	5	5.1	25.8	average
Norwest	10	11.0	9.5	153.8	4.4	4	17.6	0.4	15	–11.7	86.7	average
Comerica	11	11.0	11.1	11.3	5.2	5	16.9	8.9	11	3.0	3.8	low
AmeriTrust	12	10.3	11.4	0.0	11.0	16	4.2	10.8	12	2.8	15.5	low
Centerre Bancorp	13	10.1	8.6	31.4	5.1	11	8.7	–3.6	13	–8.6	24.4	average
Manufacturers Natl	14	9.7	14.2	11.7	7.3	13	7.8	4.3	3	7.4	26.5	very low
Northern Trust	15	8.9	7.0	25.8	3.8	14	7.3	0.5	14	–8.9	31.1	low
Michigan National	16	6.1	8.2	22.9	3.6	9	9.9	–0.1		NM	D–P	NM
Medians		**11.7**	**12.9**	**22.1**	**6.9**		**11.7**	**7.8**		**4.3**	**22.6**	
Southeast banks												
First Atlanta	1	18.8%	22.3%	51.1%	9.3%	6	19.2%	18.7%	1	24.0%	30.5%	very high
Barnett Banks Fla	2	17.9	18.2	38.8	7.9	1	32.3	21.2	6	17.0	11.2	very high
First Union	3	17.4	20.2	28.7	11.0	5	20.7	17.2	7	14.0	24.1	high
Citizens & So Ga	4	17.2	18.9	23.0	9.0	8	15.9	57.6	3	21.0	8.7	very high
Wachovia	5	16.4	20.3	19.7	12.2	9	14.9	7.8	4	17.9	22.0	high
NCNB	6	16.1	17.5	39.9	8.1	4	22.2	12.7	8	10.8	15.3	very high
First Tennessee Natl	7	14.7	16.5	24.9	7.6	10	14.5	11.1	9	10.3	20.3	very high
Southeast Banking	8	14.1	11.7	42.5	5.5	7	16.7	8.9	10	1.8	–5.2	low
Florida Natl Banks	9	11.7	30.1	22.9	14.6	2	27.5	12.2	2	22.0	76.7	high
SunTrust Banks		NA	17.5	16.1	9.5	3	24.5	14.3	5	17.2	5.6	very high
Medians		**16.4**	**18.6**	**27.3**	**9.2**		**20.0**	**13.5**		**17.1**	**17.8**	
Southwest banks												
Allied Bancshares	1	26.4%	21.6%	15.5%	11.1%	1	40.0%	10.8%	1	20.7%	6.8%	very high
Texas Commerce Bcshs	2	20.9	10.8	15.3	6.3	3	20.0	1.3	2	15.2	–31.1	very high
MCorp	3	18.9	12.5	28.4	6.2	2	29.6	66.8	3	8.1	–14.5	average
RepublicBank	4	16.5	13.2	30.3	6.6	7	16.3	3.6	4	6.0	23.2	average
Texas American Bcshs	5	14.7	9.0	34.8	5.0	4	19.4	8.9	5	4.1	–21.5	low
First City Bancorp	6	13.8	3.9	40.7	2.6	5	17.5	–0.4	6	–12.5	–18.0	low
InterFirst	7	11.3	5.3	47.4	2.8	6	16.9	–8.8		NM	–49.2	NM
Medians		**16.5**	**10.8**	**30.3**	**6.2**		**19.4**	**3.6**		**6.0**	**–18.0**	

D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth
††Three-year average For further explanation, see page 56.

earnings this year may come from investment banking—more than $750 million for six New York banks alone.

The big banks want in because their core business—originating and holding commercial and industrial loans—is drying up. "Many of our customers are going to markets on their own credits and are coming to us less and less for loans," says Dennis Weatherstone, chairman of Morgan's executive committee. Investment banking obviously is the answer. For one thing, banks can grow revenues without adding assets. It's also tailor-made for big banks: Most money centers already have strong relationships with potential investment banking clients—the same people they have been lending to for decades.

Is investment banking profitable? It's no accident that two of the leaders of the banks' invasion of Wall Street—Bankers Trust and Morgan—also lead the multinational group in five-year return on equity.

What about the thrifts? Kenneth Rilander of PaineWebber Capital Markets divides the thrifts into three groups: About one in two is well capitalized, such as H.F. Ahmanson and Golden West Financial, and thus able to reap the rewards of low interest rates and a favorable economic environment. Another one in four has problems but with some thorough balance sheet work might join the happy few. The rest of the thrifts, says Rilander, are "living underground"—being liquidated, merged, or propped up by the FSLIC.

Sometimes you have to look behind the numbers. Take the top thrift on our list, Columbia S&L in Beverly Hills. It had a net worth of about $9.5 million in 1981. Now it's over $250 million. "That's acquisition-free growth—no intangibles," boasts President Thomas Spiegel. But Columbia owes much of that asset growth to risky takeover-related junk bonds (FORBES, *Nov. 19, 1984*).

Mergers have also been sweeping the thrift industry, mainly between a healthy acquirer and a sick acquiree. One to watch: Great American First of San Diego's bid for Home Federal in Arizona. If approved by the Federal Home Loan Bank Board, it will be the first time two big, healthy thrifts have been allowed to merge across state lines. ■

Banks and thrifts

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Western banks													
Security Pacific		1	16.7%	16.0%	111.2%	5.9%	1	14.5%	6.5%	1	9.9%	12.5%	very high
Valley National		2	14.9	15.4	21.0	7.2	2	13.7	10.6	6	–0.3	33.6	very low
US Bancorp		3	14.5	12.2	53.7	7.8	4	10.9	12.3	5	0.5	14.1	very low
First Interstate		4	14.4	13.1	88.6	5.9	3	11.9	7.0	4	1.8	11.0	average
Rainier Bancorp		5	13.7	14.0	37.8	7.7	7	10.1	3.7	2	6.8	3.6	average
Wells Fargo		6	13.7	14.3	202.4	5.4	8	9.0	4.1	3	4.7	23.9	high
First Security		7	12.7	5.2	60.2	3.1	5	10.8	1.8	7	–10.2	102.7	low
California First Bank		8	9.0	9.3	11.0	4.5	6	10.2	5.0	8	–13.3	17.7	average
Medians			**14.1**	**13.6**	**57.0**	**5.9**		**10.9**	**5.8**		**1.2**	**15.9**	
Thrift institutions													
Columbia S&L		1	41.1%	42.1%	171.8%	14.3%	1	113.3%	65.4%		NM	345.7%	NM
American Continental		2	28.8	52.9	684.5	7.1	16	18.9	25.9	1	53.2%	291.3	average
Finl Corp of America		3	21.2	def	166.6	def	2	101.3	2.4		NM	D–D	NM
Golden West Finl		4	16.8	43.0	41.5	10.4	10	23.9	32.1		NM	73.5	NM
CityFed Financial		5	14.8	25.5	0.0	6.2	3	44.2	14.6		NM	0.3	NM
Gt Western Financial	**77/69**	6	2.3	15.7	75.1	4.8	8	26.3	24.1		NM	61.4	NM
HF Ahmanson		7	2.3	17.6	8.7	5.6	17	17.8	15.6		NM	170.3	NM
Gibraltar Financial		8	def	18.3	108.3	3.5	15	19.1	22.6		NM	8.4	NM
National Intergroup	**25/NA**	9	def	def	15.4	def	19	–10.8	–57.9		NM	D–D	NM
Imperial Corp of Am		10	def††	1.9	297.4	0.4	18	16.8	32.5		NM	D–P	NM
CalFed			NA	15.7	2.2	5.7	6	31.3	18.5		NM	85.4	NM
Carteret S&L			NA	16.3	12.3	3.8	4	43.4	10.4		NA	169.2	NA
CrossLand Savings			NA	NA	85.3	def	5	32.0‡	NA		NA	NA	NA
First Federal Mich			NA	21.2	89.6	4.5	7	29.7	15.8		NA	92.0	NA
Florida Federal S&L			NA	def	44.9	def	13	22.2	15.4		NA	P–D	NA
Glendale Federal S&L			NA	8.3	28.6	3.7	9	25.0	16.7		NM	7.2	NM
Gt Am First Savings			NA	10.0	28.9	4.1	11	23.0	32.1		NA	NA	NA
Home Federal S&L			NA	9.6	24.6	5.2	14	20.0	31.5		NM	7.7	NM
PSFS			NA	3.3	66.1	1.8	12	22.4	24.0		NA	–58.1	NA
Medians			**8.6**	**15.7**	**44.9**	**4.1**		**23.9**	**20.6**		**NM**	**34.9**	
Industry medians			**14.7**	**15.4**	**33.3**	**6.6**		**16.3**	**10.5**		**6.4**	**16.4**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth ††Three year average For further explanation, see page 56

BEVERAGES AND TOBACCO

SINCE 17
NEW!
FINEST BOURBON
KOOL

Steven Brown

For years, only the U.S. Mint made money more easily than these folks. For some, times have changed. For others, the good times still roll.

By Laurie Root

THESE HAVE ALWAYS BEEN BUSINESSES where you're almost sure to make a buck. The work is harder these days, but it still pays very well—for most.

Take soft drinks. Americans drink more of them than water. But today's soda drinkers are worried about calories and cancer. Many even want a little nutrition. That means choices—flavors, juices. Just as in the apparel business *(see p. 64)*, it's called segmenting.

Does it pay? Look at the soft drink industry—26.5% ROE last year, 25.1% over the last five. And look who's leading the cola wars: PepsiCo with a 29.2% ROE last year, to Coca-Cola's 23.8%.

The reasons: a series of moves by PepsiCo, including its $590 million purchase of MEI's bottling business in December, which will help reduce costs. PepsiCo also sold off weak and unrelated Wilson Sporting Goods and North American Van Lines to focus on what it knows best: soda, snacks and fast food.

John Costello, senior vice president for marketing and sales, boasts that Pepsi led Coke in 1985 supermarket sales and, when the dust settles, may well be the number one soft drink in America.

This isn't the victory it would have been five years ago. In a segmented market, total share is what counts. That's still Coca-Cola's because of its large lead in fountains and vending machines.

Segmenting came earlier to the liquor and brewery business, and it isn't helping now. These companies must distance themselves from what used to be their main attraction—alcohol—to appeal to health-conscious, weight-watching Americans.

Beverages and tobacco

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Alcoholic beverages													
G Heileman Brewing	88/●	1	28.7%	16.0%	22.0%	3.7%	3	16.0%	-0.6%	4	12.3%	-15.1%	high
Brown-Forman	67/84	2	22.8	17.7	57.1	9.0	2	18.4	0.9	3	16.0	32.6	high
Anheuser-Busch Cos	68/●	3	20.1	19.4	37.3	6.3	1	19.5	7.2	1	18.9	15.3	very high
Seagram	●/●	4	14.6	9.2	25.4	13.8	6	3.2	10.3	2	18.1	-28.4	high
McKesson	21/34	5	14.0	12.5	33.4	1.3	5	4.2	20.5	6	-4.9	0.5	average
Adolph Coors	82/●	6	7.8	5.2	0.0	3.7	4	8.2	11.3	5	-3.9	-10.3	very low
Medians			**17.4**	**14.3**	**29.4**	**5.0**		**12.1**	**8.8**		**14.2**	**-4.9**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit NA Not available ‡Four-year growth
For further explanation, see page 56.

Beer sales, down in 1984 for the first time in decades, were flat last year. Hard liquor was down about 2%. The only notable growth anywhere was a 4% rise in wine, and that from the cooler fad—a fad that probably won't last.

By October 1986, the 13 states (plus the District of Columbia) that have not yet raised the drinking age to 21 will have to do so to keep full federal highway funding. That won't help. Nor will the 19% excise tax hike Congress socked to distilled spirits in October.

But the good times roll on for Anheuser-Busch, whose 1985 Budweiser sales totaled more than all other premium beers combined. Growing 5% in a flat industry, Anheuser is rapidly approaching a 40% share of the U.S. market. Among brewers and distillers last year, Anheuser came closest to matching its five-year average ROE.

Things are different at Coors, Heileman and Philip Morris' Miller. Miller, number two to Anheuser-Busch but with only half the market share, managed a slight increase in 1984, despite the industrywide decline. Still, Miller shipped no more beer in 1985 than in 1980. Miller is marking time: While its Lite, the number two beer in America, is growing, High Life, number three, has been shrinking.

Some analysts have faith in Coors to beat the market, but Coors, along with Heileman, is undergoing big geographic expansion. When the expansion is over later this year, the growth may be, too.

In the face of 21 years of Surgeon General's warnings, Americans smoked some 600 billion cigarettes last year. Sales are down about 2% again, but that's been going on for a couple years. It was nothing compared with the drop in tobacco stocks—Philip Morris, R.J. Reynolds and American Brands were each down about 15% in 1985.

They will likely slide further if a company loses but 1 of the 40-odd product liability suits before the courts. Early rulings have favored the tobacco companies, but any victory for the plaintiffs, particularly one with punitive damages, could open the floodgates.

The first case went to court in November, and in December there was more bad news: The American Medical Association announced a campaign to end all tobacco advertising and ban sales to the under-21 crowd.

Attention, contrarians: Some analysts stopped recommending tobacco stocks months ago, but Becky Barfield of First Boston thinks Reynolds and Philip Morris are buys. They have been knocked down way too far, she says, and will come back.

Outside the U.S. things are different for the tobacco companies. There's growth there of maybe 3% annually.

Tobacco prices are also on the way down, thanks to the Agriculture Department's cutting leaf price supports. Smokers have always tolerated price hikes, allowing the companies to continue to price above inflation. In fact, profits in this industry can increase even when market share declines, as has been the case with American Brands for the last 15 years.

Only the Mint makes money more easily. Before its purchase of General Foods, Philip Morris, for example, was generating $2 million per day in excess cash. The tobacco companies are putting that cash into nice, safe companies with solid brand names and no liability problems, like General Foods and Nabisco. Those companies are cash generators themselves and will help replenish the till for future purchases.

Barring catastrophe in the courts, the tobacco companies have plenty of time and money to be anything they want to be. ■

Beverages and tobacco

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Soft drinks													
General Cinema	55/61	1	34.5%	34.5%	114.6%	12.9%	4	6.9%	-0.1%	1	43.0%	76.2%	very high
MEI	76/83	2	28.4	20.4	74.4	5.3	1	23.6	12.8	2	22.8	-2.0	very high
Coca-Cola	68/77	3	21.8	23.8	26.6	8.6	3	7.3	6.0	3	6.6	8.4	very high
PepsiCo	37/30	4	16.8	29.2	37.0	6.9	2	8.9	-6.1	4	-3.0	171.7	very low
Medians			**25.1**	**26.5**	**55.7**	**7.8**		**8.1**	**3.0**		**14.7**	**42.3**	
Tobacco													
RJ Reynolds Inds	49/75	1	24.0%	24.6%	25.3%	25.3%	2	11.8%	6.8%	3	12.8%	48.3%	high
Culbro	50/NA	2	24.0	7.3	34.8	1.1	1	18.6	-1.5	5	10.4‡	-20.6	very low
Philip Morris Cos	79/●	3	23.6	26.5	50.3	10.5	3	10.0	1.8	2	13.1	10.9	very high
Loews	18/83	4	22.1	27.4	20.1	9.3	4	5.4	19.5	4	12.3	48.7	average
American Brands	40/69	5	21.1	18.6	31.8	9.1	6	2.8	0.2	8	2.1	-1.0	average
Universal Leaf	80/●	6	19.0	18.3	3.2	3.9	8	1.9	12.9	6	9.6	4.8	very high
Std Commercial Tob	●/●	7	18.2	10.5	24.5	1.7	5	4.8	9.6	7	4.0	-23.0	very low
Dibrell Brothers	●/●	8	17.4	18.2	0.0	3.3	7	2.4	13.3	1	27.2	-29.3	very high
Medians			**21.6**	**18.5**	**24.9**	**6.5**		**5.1**	**8.2**		**11.4**	**1.9**	
Industry medians			**21.5**	**18.5**	**29.2**	**6.6**		**7.8**	**7.0**		**12.3**	**2.7**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

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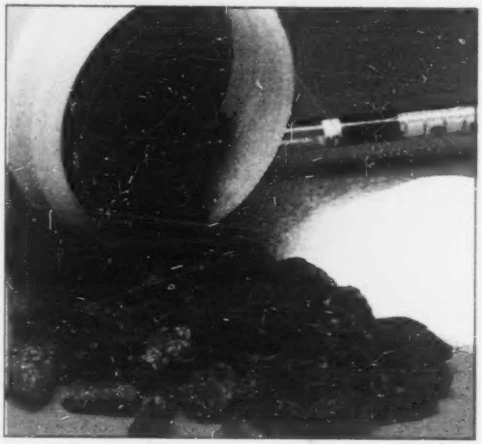
For further explanation, see page 56.

CHEMICALS

The chemical companies almost drowned in overcapacity in their commodity businesses. Specialty chemicals were doing much better. So. . . .



Steven Brown

By Christopher Power

"THE PLAIN FACT IS, chemicals aren't an exciting growth industry anymore," says Charles Reeder, chief economist for Du Pont.

Too bad the industry didn't realize it in time. All through the late Seventies the chemical companies got ready for a boom. What they got in the early Eighties was a bust instead. So they curbed their ambitions during the 1983-84 recovery, doing little more than keeping pace with the growth in manufacturing. The strategy seemed to work splendidly. In those two years, sales in our group went up 7.2% and 5.8%, respectively, and earnings increased 6.4% and 33.1%, respectively.

But when manufacturing stalled last year, it turned out that just keeping up had been going too fast. Fact is, the late-Seventies overcapacity still overhangs the market. The industry thought it had shut expansion off like a faucet, but a lot of it is still coming on. During the past 15 months, for example, worldwide capacity has increased by more than 5% and overcapacity in some basic chemicals runs as high as 30%.

Chemicals

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Diversified													
Rohm & Haas	75/77	1	15.1%	15.3%	17.8%	7.0%	5	4.3%	0.7%	1	12.3%	−12.5%	average
Univar	●/●	2	13.8	10.7	63.9	1.1	6	3.4	3.2	8	1.2	−30.3	very low
Borden	31/41	3	13.4	13.9	31.0	4.1	14	0.0	0.5	3	10.6	5.2	very high
Borg-Warner	24/31	4	13.1	10.8	14.7	4.4	3	8.4	0.8	6	6.2	−15.4	average
Allied-Signal	22/14	5	12.7	14.0	45.7	4.8	2	19.6	−5.9		NM	301.7	NM
EI du Pont	33/25	6	12.2	7.6	28.8	2.7	1	27.2	−6.0	10	−2.6	−37.8	very low
Hercules	44/48	7	12.1	11.0	30.8	6.0	10	1.5	−1.2	9	−0.9	−23.3	very low
American Cyanamid	26/13	8	11.7	10.2	31.5	4.7	8	2.8	−4.8	7	2.3	−22.7	very low
Dow Chemical	83/84	9	11.3	8.6	54.2	3.9	7	3.0	−2.9	12	−15.5	−18.2	average
Monsanto	81/●	10	10.5	8.0	22.7	4.3	11	0.5	−3.4	5	8.6	−34.9	low
FMC	36/47	11	10.5	5.5	30.4	1.0	12	0.3	−10.4	13	−15.8	−70.8	low
Celanese	46/46	12	9.6	16.0	60.2	5.1	13	0.0	−7.2		NM	1.6	NM
Union Carbide	43/49	13	8.9	def	48.0	def	15	−0.7	−4.5	15	−25.1	P–D	average
Olin	56/35	14	8.7	def	42.6	def	9	2.3	−9.6	4	8.9	P–D	low
Pennwalt	62/66	15	8.6	def	23.4	def	16	−2.4	−1.9	11	−7.4	P–D	low
Reichhold Chemicals	89/●	16	8.5	7.8	23.1	2.0	17	−3.1	0.3	2	12.1	−36.9	low
National Distillers	40/43	17	8.2	4.8	30.4	2.7	4	4.6	−33.0	14	−19.3	−29.7	high
Medians			**11.3**	**8.6**	**30.8**	**3.9**		**2.3**	**−3.4**		**−0.9**	**−29.7**	

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"It's been damn tough," says J. Lawrence Wilson, group vice president for $2 billion (sales) Rohm & Haas, which has been battered across the board—even in specialties long thought to be safe for growth, such as polymers for the now slumping electronics industry. "You would never have assumed such volatility in the early Seventies," says Charles Rose, Oppenheimer & Co.'s specialty chemicals analyst. "Then it looked like demand in fields like oil exploration and electronics would just grow and grow." The five-year average return on equity for our specialized chemicals group is over 15%; for the latest 12 months, it's under 11%.

But fortunately—or unfortunately for the future, maybe—some specialty chemicals are doing so well that the same old story looks as if it's about ready to repeat itself.

Take Economics Laboratory, a middling ($727 million in sales) specialty chemical company that does not even appear on the FORBES list. Its range of cleaning products has kept average return on equity over 18% since 1980. No wonder the big commodities companies are falling all over one another to get into these businesses. Dow is developing superspecialized plastics. Hercules has graphite fibers for use in outer space. Union Carbide is expanding its old industrial gases division.

The move into specialties has coincided with a retreat from commodities. Dow, which has sold off over $1 billion in assets since 1982 and abandoned plans for a $1 billion polyethylene complex in Saudi Arabia, took a charge of $475 million last year. Union Carbide has shed about $1 billion worth of businesses since 1978 and took a 1985 charge of $1 billion as well—although even that may not keep it out of GAF's clutches. Monsanto has been slashing costs ever since it acquired drugmaker G.D. Searle in October 1985. Example: It is offering early retirement to 3,900 workers.

Long term, this "restructuring" will help. Most companies now can break even running at around 70% of total capacity. Not too many years ago, says Du Pont's Reeder, "such operating rates would have meant a recession. You get operating rates back up to 80%, and you have a very attractive situation."

Will that happen? With worldwide demand expected to grow at a compound 5% through the 1980s (global GNP will be up only 3% a year during the period), chemicals ought to be in for some terrific leverage. "By the end of the decade," says Salomon Brothers analyst Leslie Ravitz, "when the capacity cycle catches up with the business cycle, this will be a very good industry to be in."

Ravitz undoubtedly is right, but what good will it do if the industry repeats its mistake in specialty chemicals? ■

Chemicals

Yardsticks of management performance

		Profitability					Growth							
		Return on equity					Sales			Earnings per share				
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Specialized													
Nalco Chemical	●/●	1	22.8%	20.6%	5.3%	10.9%	15	2.5%	–5.2%	8	1.8%	–4.2%	very low
Morton Thiokol	52/61	2	21.0	29.5	21.7	10.7	1	20.6	–8.8	1	16.6	78.9	low
Intl Flavors & Frags	●/●	3	20.6	19.3	0.0	14.0	16	2.4	2.6	6	2.2	–1.6	high
Freeport-McMoRan	52/75	4	20.2	17.5	88.7	15.6	4	9.4	–5.3	19	–12.0	40.9	average
Cabot	30/31	5	19.9	def	46.8	def	7	7.5	–19.7	11	–4.2	P–D	very low
Lubrizol	●/●	6	17.9	12.7	6.4	6.9	18	0.4	8.9	17	–10.3	–9.9	average
Engelhard	22/58	7	17.8	10.2	12.7	2.2	20	0.1	–4.8	9	–0.2	0.6	very low
Vulcan Materials	30/35	8	17.6	14.9	15.3	7.7	13	4.5	3.8	10	–0.2	–3.5	very low
Dexter	45/45	9	16.7	13.6	37.1	4.5	12	5.0	1.4	4	2.9	–3.3	average
Tyler	37/32	10	16.5	10.8	88.4	2.3	2	14.1	–18.8	6	2.2	–38.4	very low
Witco	●/●	11	15.6	15.3	38.3	3.9	6	8.0	–0.9	3	5.0	–9.1	low
Air Prods & Chems	●/●	12	15.5	13.1	33.8	7.8	8	6.3	5.4	5	2.3	4.4	very low
Big Three Industries	43/62	13	15.4	1.9	35.0	1.4	9	6.1	8.3	13	–6.9	–77.6	very low
Ethyl	63/71	14	13.9	14.7	56.0	7.0	21	0.0	–10.6	2	5.1	3.1	average
WR Grace	42/57	15	13.8	7.1	68.6	2.3	14	3.5	6.4	15	–8.5	–20.3	low
Intl Minerals	70/78	16	13.3	8.7	31.3	5.9	22	–1.8	–0.6	16	–10.2	2.4	average
Sun Chemical	73/77	17	12.8	10.7	96.2	2.2	3	13.2	1.1	20	–18.1	70.1	low
Liquid Air	84/●	18	11.1	10.8	60.7	5.8	10	5.7	9.0	14	–6.9	19.2	average
Williams Cos	23/17	19	10.2	3.6	145.6	1.5	5	9.0	–17.6	12	–4.5	–73.1	very low
Ferro	●/●	20	10.1	6.8	32.4	2.0	19	0.2	–2.4	18	–10.5	–36.5	average
NL Industries	34/●	21	9.4	def	39.1	def	25	–7.7	1.8		NM	P–D	NM
BF Goodrich	41/58	22	3.4	def	61.6	def	17	2.2	–5.0		NM	P–D	NM
Koppers	48/17	23	3.1	def	35.8	0.1	23	–2.5	3.2		NM	P–D	NM
Inspiration Resources	40/●	24	def	def	55.8	def	11	5.2	27.1		NM	D–D	NM
GAF	48/87	25	def	25.1	33.9	7.2	24	–6.9	–1.2		NM	D–P	NM
Medians			15.4	10.8	37.1	3.9		4.5	–0.6		–6.9	–6.7	
Industry medians			12.8	10.5	34.5	3.9		2.9	–1.6		–4.4	–20.3	
All-industry medians			13.7	12.7	36.6	3.8		6.9	4.3		0.3	–6.0	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P Deficit to profit P-D: Profit to deficit def: Deficit NM: Not meaningful For further explanation, see page 56

COAL

Whatever happened to the energy crisis? Whatever happened to the utilities? Whatever happened to the steel business?

Michael O'Brien/Archive

By Richard Morais

ON OUR CHART LAST YEAR four of the six public coal mining companies posted 12-month profits. This year only one managed to do so. Soft pricing and over 100 million tons in excess capacity are hurting the lonely Kentucky independent and the Pennsylvania public company alike.

"We overbuilt," says Otes Bennett, chairman of North American Coal, referring to the boom of coal mines after the energy crisis. Not only has the energy crisis become energy glut, but also major steel customers have collapsed and even utilities have become less reliable customers, all within the past few years.

There was the 1984 United Mine Workers strike that never was. It was still hurting coal companies in 1985. Utilities still had coal piled to the rafters in early 1985. After working those down, the troubled utilities started trimming their traditional 90-day or so reserves to levels they haven't been at for years. So while coal consumption was up 3.5% from 1984, to 903 million tons, production was down 1% and railroad coal traffic was down 2%.

Surprisingly, exports were up to 87 million tons, 7.4% over last year. Traders managed to sell coal to new mar-

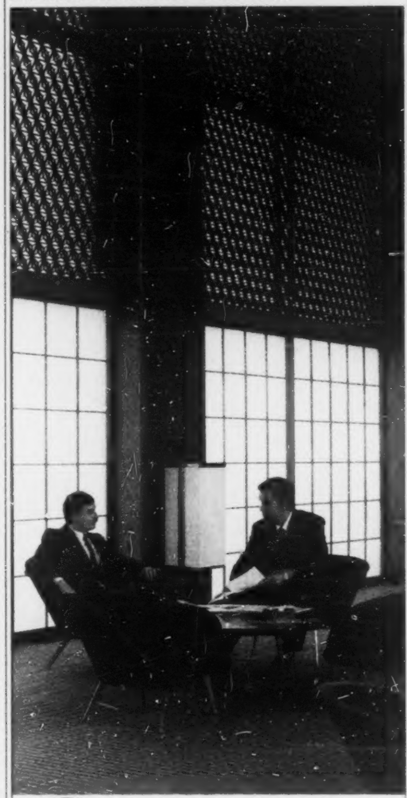
Coal

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
North Am Coal	●/●	1	16.0%	19.4%	537.2%	5.0%	4	4.8%	3.9%	1	29.9%	1.8%	average
Eastern Gas & Fuel	37/14	2	10.6	def	72.0	def	1	8.4	-3.7	2	-16.7	P-D	average
Pittston	45/DD	3	def	def	20.2	def	6	-7.7	-11.8		NM	D-D	NM
Westmoreland Coal	●/DD	4	def	def	30.2	def	3	7.7	-7.4		NM	P-D	NM
AMAX	26/NA	5	def	def	61.0	def	5	-5.0	-14.1		NM	D-D	NM
Cyprus Minerals	61/PD		NA	def	19.0	def	2	7.8‡	8.6		NA	NA	NM
Industry medians			**def**	**def**	**45.6**	**def**		**6.3**	**-5.6**		**NM**	**P-D**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth For further explanation, see page 56.

IN THE HEART OF TOKYO...



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Soft pricing and over 100 million tons in excess capacity hurt Kentucky independents and Pennsylvania public companies alike. Only those that sold to utilities and had low-cost mines profited. "We're waiting for the shakeout," says Otes Bennett, North American Coal's chairman.

kets, such as Bulgaria and Morocco, good for a shipment every three or four months. These 50,000-ton or so contracts, however, went largely to small independents through the spot market. "These small guys collectively have been destroying the market," says Joel Price, analyst at Donaldson, Lufkin & Jenrette. "They're selling at cash cost. No one is making any money this year."

As a result, of course, utilities are shifting increasingly from long-term contracts to the spot market. Spot prices last January for low-volatility metallurgical coal ranged between $40 and $43 per ton. By the end of the year they had dropped a staggering $10, to $30 and $33 per ton, reflecting the continued slump of steel. High-sulfur steam coal is down $6 from $26 four years ago.

Also hurting business is the international concern about acid rain. States such as Michigan made utilities switch from high-sulfur to low-sulfur coal. The result: Some companies saw profitable longstanding contracts fall into competitors' hands. All in all, only companies that sold to utilities and had low-cost mines made profits. Metallurgical coal mines meant trouble.

North American Coal, then, sits alone at the top of this list, topping its five-year return on equity by 21%. The main reason: It supplies the utilities with unique long-term contracts that recoup mining costs while paying a management fee. In down cycles they look good; in boom periods they look like underachievers. Also boosting North American's 1985 earnings was the acquisition of Yale Materials Handling, the third-largest maker of forklifts. But this high-cost coal producer will lose 25% of its tonnage next year when North Dakota's Great Plains Coal Gasification Project closes its doors.

Eastern Gas & Fuel got a boost in volume from Appalachian Power, but metallurgical coal, accounting for 27% of the total, is depressing all coal operations. Hefty writedowns of coal and gas assets late in 1984 caused negative earnings. Eastern also had serious production problems this year, and an extremely profitable high-sulfur mine got into trouble when Detroit Edison switched to low-sulfur coal.

Diversified Pittston, with 60% of its business in metallurgical coal, increased productivity withal and did a great job cutting costs. That and fiddling with its pension plans pulled coal operations into the black the last two quarters—the first time since 1982. Not nearly enough, however, to bring the company's 12-month results into the black.

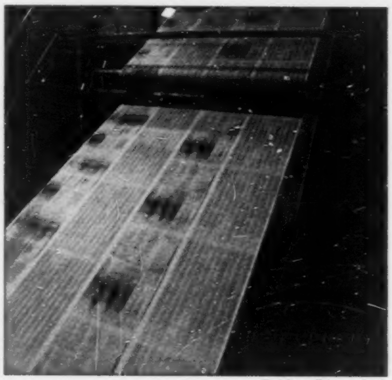
Westmoreland has more than 80% of its business in steam coal under long-term contracts with utilities. Cost-cutting and strong production helped to produce the company's best third quarter in history. A long-term contract with Duke Power currently is being renegotiated downward. Overall, earnings were hurt by asset writedowns.

With big holdings in commodity basket cases like molybdenum and aluminum, AMAX continues to suffer. Cyprus Minerals, spun off from Amoco, is new to our list. Cyprus, big in steam coal and a low-cost producer, has had a profitable coal division for three years straight. Its metallurgical business is held up by a long-term contract with troubled steelmaker LTV. The 1.5-million-ton-a-year total is currently about $20 over the going rate. It's the metal holdings, like copper, that are doing Cyprus in.

"There's more capacity than there is market," says Bennett, summing up a bad year. "We're waiting for the shakeout." ■

COMMUNICATIONS MEDIA

Business was off in most of the media, but prices were up.


Ted Russell/Image Bank

By Eric Schmuckler

FIRST IN EARNINGS GROWTH, third in return on equity and third in sales growth, the communications media are an attractive business. That is why prices for the properties go higher and higher even in a year when advertising was down.

After years of outpacing GNP, network TV advertising dropped 4% in 1985 (versus a 4% increase for all TV). National advertising was flat in newspapers and down 2.4% in magazines.

But all in all, publishers had a better year than broadcasters. Sales grew 11.2% in publishing, while broadcasting revenues rose only 4.6%—barely above the all-industry median for 1985.

You would never know it from the furious pace of broadcasting mergers and acquisitions. Until last year the takeover of a TV network was considered close to impossible. But in the last year two have fallen, and the fall of the third seems inevitable.

RCA was the only network owner to better its numbers from 1984, thanks mainly to rebounding ratings at NBC—one of many factors that attracted General Electric. ABC, though, slid more than 9% in sales and earnings. And profits at CBS collapsed, down 98%.

In fact, CBS showed a third-quarter loss of $114 million, its first as a public company. By the end of the year Wall Street was most interested in not if but when it would be taken over.

As usual, non-network TV did better: Both Capital Cities (before merging with ABC) and Meredith outperformed the networks in return on equity. That helps explain why the purchase price of television stations kept skyrocketing.

Another big reason: Pent-up demand for this limited commodity, especially in big cities, was uncorked when the FCC upped group ownership limits in TV stations from 7 to 12. Metromedia, which sold out to Rupert

Communications media

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Publishing													
Dun & Bradstreet	63/73	1	37.9%	23.3%	0.0%	10.9%	4	16.9%	14.8%	3	28.8%	–44.5%	high
Dow Jones	● /●	2	32.2	26.1	4.2	13.0	3	17.1	8.0	5	20.7	2.0	very high
Deluxe Check	● /●	3	29.8	33.4	2.9	13.5	9	13.1	11.8	8	19.3	22.0	very high
Washington Post	86/69	4	23.3	31.4	1.7	10.8	14	10.4	12.2	6	20.4	50.7	high
McGraw-Hill	● /89	5	22.6	21.1	0.3	10.0	15	9.5	8.0	12	13.0	5.0	very high
Capital Cities	62/48	6	21.8	18.9	29.3	13.9	1	17.6	12.8	10	17.2	7.2	very high
Gannett	77/73	7	21.5	21.8	16.5	11.5	10	12.5	15.7	13	10.2	17.9	very high
New York Times	● /●	8	20.8	23.4	15.3	8.5	7	13.7	12.9	7	20.0	20.3	very high
Time Inc	59/54	9	19.7††	20.0	36.1	6.5	5	16.1	11.1	2	44.7‡‡	15.3	very high
Meredith	70/51	10	19.2	19.6	23.2	10.1	18	7.7	4.6	9	17.3	25.6	very high

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

Murdoch, used to be unique among non-network broadcasters with its reach of 20% of the nation. "Now there's a whole bunch out there who are close," points out media consultant Tony Hoffman, citing Taft, Tribune, Gannett, Westinghouse, Storer and Murdoch.

TV stations used to be valued by Wall Street on a multiple of earnings or revenues. The new standard is cash flow. Says Charles Kadlec, who appraises stations for acquisition or sale: "Cash flow was a closely held secret among broadcasters. Then Wall Street figured it out." Before the end of the year, selling prices got as high as 16 times cash flow—the multiple in the $122 million sale of KMOX-TV in St. Louis to Viacom.

Viacom also acquired MTV and Showtime and wants to buy half of MGM studios from Ted Turner. It may well be a billion-dollar company this year—if it isn't taken over itself.

In the publishing group, newspapers fared better than magazines since they rely more heavily on local display and classified advertising. Still, Dow Jones, the publishing leader since 1978, dropped to second place behind Dun & Bradstreet.

Dow Jones' flagship *Wall Street Journal* faces increasing circulation challenges from national newspaper competitors, the *New York Times* and Gannett's *USA Today*. Both were also active acquisitors. The *New York Times* acquired 6 newspapers and 2 TV stations. Gannett bought big-city dailies in Detroit and Des Moines, 13 smaller daily and weekly papers and 5 TV stations.

D&B wound up atop both publishing and media services with a five-year ROE of 37.9% and 23.3% for the year. The reason: a number of profitable acquisitions since 1984. In addition, D&B's debt-rating arm, Moody's Investors Service, is riding high on the sea of junk bond paper issued in the last year.

In magazines, the national advertising decline caused a 3.3% downturn in total ad pages. Still, Time Inc.'s return on equity exceeded its five-year average. McGraw-Hill's ROE was also above 20%. No wonder the slight slippage didn't frighten buyers and takeover artists.

Demographics are working in favor of publishers like Macmillan and Harcourt Brace Jovanovich. The second generation of the post-World War II baby boom is now in one of the principal textbook markets, elementary school. McGraw-Hill, which concentrates more on college textbooks, won't benefit as much until later. ■

Communications media

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Times Mirror	57/67	11	18.6%	20.5%	35.1%	9.2%	13	10.6%	5.0%	15	9.6%	13.1%	high
American Greetings	● /●	12	17.5	18.1	26.5	8.0	2	17.5	9.3	4	21.7	15.3	very high
Media General	44/73	13	17.0	12.0	39.1	6.0	6	14.6	5.7	14	9.8	−11.8	very high
RR Donnelley	● /●	14	16.9	17.9	1.8	7.3	8	13.1	15.2	11	15.9	12.0	very high
Knight-Ridder	89/NA	15	16.2	15.5	8.4	8.0	12	10.8	6.0	16	9.0	6.3	very high
Pittway	25/35	16	16.2	12.6	4.6	5.6	11	11.5	10.2	18	4.8	−3.2	low
Scott & Fetzer	38/28	17	15.8	15.3	13.7	5.5	19	−0.3	−1.7	17	7.8	−5.9	average
Harcourt Brace	67/61	18	13.7	19.5	60.5	5.0	17	9.1	26.7	20	−0.7	20.9	very low
Tribune	65/71	19	11.7	14.4	29.6	6.2	16	9.5	11.2	19	−0.4	14.8	very low
Macmillan	71/82	20	11.6	20.3	46.3	6.8	20	−2.6	24.5	1	50.7‡	17.2	very high
Medians			**18.9**	**19.8**	**15.9**	**8.3**		**12.0**	**11.2**		**16.6**	**14.0**	
Broadcasting													
Capital Cities	37/51	1	21.8%	18.9%	29.3%	13.9%	2	17.6%	12.8%	3	17.2%	7.2%	very high
Time Inc	40/45	2	19.7††	20.0	36.1	6.5	3	16.1	11.1	1	44.7‡‡	15.3	very high
Meredith	24/50	3	19.2	19.6	23.2	10.1	5	7.7	4.6	2	17.3	25.6	very high
Amer Broadcasting	89/●	4	16.5	12.9	10.4	5.3	4	11.7	−9.7	4	3.1	−9.1	low
CBS	55/80	5	13.7	0.3	23.9	0.2	7	5.1	−4.0	5	−3.1	−98.0	very low
RCA	23/35	6	8.7	16.9	60.2	4.1	6	5.6	−6.2		NM	82.9	NM
Storer Communications	● /●	7	2.0	def	263.7	4.4	1	27.8	12.5		NM	D–D	NM
Medians			**16.5**	**16.9**	**29.3**	**5.3**		**11.7**	**4.6**		**3.1**	**7.2**	
Media services													
Dun & Bradstreet	36/26	1	37.9%	23.3%	0.0%	10.9%	2	16.9%	14.8%	1	28.8%	−44.5%	high
John Blair & Co	88/70	2	18.4	def	235.9	def	1	30.6	35.4	3	0.7	P–D	very low
Interpublic Group	● /●	3	17.7	18.3	6.7	5.0	4	11.7	4.0	2	4.7	−0.7	low
JWT Group	● /●	4	12.4	14.0	18.9	3.0	3	13.2	8.1	4	−8.7	−25.2	very low
Medians			**18.1**	**16.2**	**12.8**	**4.0**		**15.1**	**11.5**		**2.7**	**−34.9**	
Industry medians			**18.4**	**18.9**	**23.2**	**7.3**		**12.5**	**11.1**		**13.0**	**7.2**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**−6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

COMPUTERS AND ELECTRONICS

Recession-proof? There's no such thing. Just ask the computer and semiconductor people.

By Francesca Lunzer

THE COMPUTER SLUMP spared almost no one: Virtually every computer company on our list showed earnings drops in 1985. Hewlett-Packard had its first down year in a decade. Wang Laboratories took a $109 million loss, the first in ten years as well.

Didn't anybody do well? Telex Corp., maker of IBM-compatible terminals and peripheral equipment, had a 52% sales gain and a 49% earnings gain, against 6.2% and a drop of 24.6%, respectively, for the industry overall. But that included full-year results of Raytheon's terminal and word processing businesses, acquired in August 1984.

The volatile semiconductor industry suffered whiplash. "A disaster," says Drew Peck, Gartner Group senior analyst. "An awful year," says Norman Neurighter, a Texas Instruments vice president.

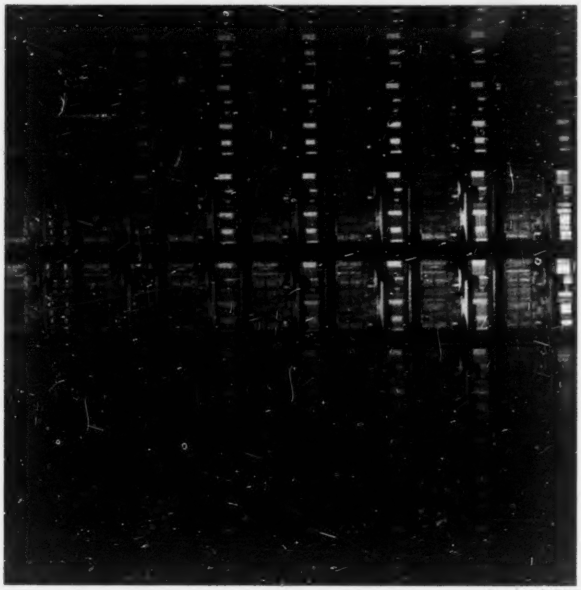
All but two of the chipmakers on our list had steep drops in sales. One of the exceptions was top-flight Motorola, whose microprocessors so far are virtually untouched by the Japanese. The other was Schlumberger; its Fairchild Semiconductor bled red ink, but it fortunately accounts

Computers and electronics

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Computers													
Apple Computer	●/●	1	63.8%	12.9%	0.0%	3.2%	1	99.8%	26.6%	2	59.2%	–5.7%	high
Tandy	NA/NA	2	40.1	19.3	41.7	6.6	12	18.7	5.3	6	29.3	–16.2	very high
Prime Computer	●/●	3	33.2	17.0	4.7	7.5	5	30.7	18.8	9	16.6	0.0	average
Telex	86/●	4	29.5	32.4	61.0	9.6	7	28.1	52.0	1	97.3	49.0	very high
Wang Laboratories	●/●	5	29.0	def	53.4	def	4	45.0	1.4	4	37.2	P–D	very high
Computervision	●/●	6	28.0	def	54.7	def	6	29.9	–3.2	8	16.7	P–D	high
IBM	83/NA	7	24.7	22.8	12.3	12.8	14	15.1	6.9	10	15.8	–4.1	very high
Hewlett-Packard	52/42	8	20.4	13.8	2.3	7.5	11	19.1	7.6	7	21.9	–26.3	very high

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ††Three-year average. For further explanation, see page 56.



Courtesy of AT&T

for less than 40% of the profitable parent's sales.

There's still excess capacity in semiconductors, aggravated, of course, by the Japanese, who now practically own the lucrative 64K memory chip. That was a gold mine for U.S. semiconductor companies before 1985. Now all the Americans have pulled out except for Micron Technology and TI.

One hope for U.S. chipmakers, says Peck, is the application-specific integrated circuit (ASIC). These profitable chips should account for 15% to 20% of the semiconductor market in 1986 (up as much as 8% from 1985). They are designed by customers and custom-produced by the semiconductor companies.

Fortunately, some electronic equipment companies have other businesses. Otherwise they would have been dragged down by the semiconductor companies, for whom they make manufacturing and testing equipment.

For example, Perkin-Elmer, which registered 5.4% earnings growth, has only 24% of sales in semiconductor processing equipment; the rest is in scientific instruments and superminicomputers. Sanders Associates and EG&G are government contractors.

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Tandem Computers	●/●	9	19.3%	8.9%	4.6%	5.5%	3	56.7%	17.2%	5	35.5%	−21.2%	very high
SCI Systems	●/●	10	18.2	15.7	79.6	2.6	2	61.9	15.2	3	41.8	7.3	very high
Harris Corp	35/25	11	15.2	8.0	21.9	2.9	17	11.9	12.3	16	−6.8	−22.8	low
NCR	89/NA	12	14.7	14.6	10.8	7.3	22	5.6	5.4	12	7.3	−3.8	average
Digital Equipment	●/●	13	14.3	8.5	18.4	5.5	8	24.3	12.8	13	4.5	−21.9	very low
General Instrument	**24/PD**	**14**	13.9	def	5.8	def	**21**	5.7	−8.0		NM	P–D	NM
Honeywell	**30/31**	**15**	13.0	8.0	28.0	2.9	**20**	6.9	5.7	**15**	−2.7	−35.6	low
Datapoint	●/●	**16**	12.0	def	31.3	def	**10**	20.7	−13.4	**20**	−21.2	P–D	low
Data General	●/●	**17**	11.6	3.8	22.7	2.0	**13**	15.2	6.7	**17**	−6.9	−70.1	very low

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ††Three-year average. For further explanation, see page 56.

Our list shows an earnings drop of 17.9% for electronic equipment companies in 1985. Penn Central's 486.5% earnings growth, however, is well above the industry median. About a third of Penn Central's earnings now are in high-tech equipment, but most of that enormous jump came from a one-time $200 million charge to earnings in the last quarter of 1983.

What about this year for electronic equipment? Most analysts are pessimistic. Says Stephen Balog of Prudential-Bache: "Maybe somewhere out there in the third quarter of 1986 we'll start to see some equipment orders come back." ■

Computers and electronics

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Sperry	**49/59**	**18**	9.4%	1.1%	29.6%	0.5%	**23**	1.3%	13.6%	**18**	–12.0%	–88.9%	average
Control Data	**74/41**	**19**	8.7	def	301.8	def	**18**	8.3	1.8	**19**	–18.5	P–D	low
Zenith Electronics	**27/NA**	**20**	8.0	0.1	38.9	0.0	**19**	8.0	1.7		NM	–99.3	NM
Gould	**29/26**	**21**	7.9	def	29.6	def	**24**	–9.6	–11.3	**21**	–30.3	P–D	high
Amdahl	**●/●**	**22**	7.8	7.4	34.0	3.7	**9**	21.7	7.1	**11**	9.2	–15.0	low
Burroughs	**●/●**	**23**	7.1	9.9	32.3	4.6	**15**	12.6	4.3	**14**	1.2	–3.3	very low
Storage Technology	**●/DD**	**24**	def	def	NM	def	**16**	11.9	–25.7		NM	D–D	NM
Medians			**14.5**	**8.0**	**29.6**	**2.9**		**17.0**	**6.2**		**5.9**	**–24.6**	
Electronic equipment													
EG&G	**28/36**	**1**	28.6%	35.2%	10.2%	4.7%	**6**	15.0%	11.2%	**3**	18.3%	9.4%	very high
AMP	**●/●**	**2**	23.3	13.7	3.0	7.7	**11**	11.3	–9.0	**5**	9.2	–39.1	high
Hewlett-Packard	**40/53**	**3**	20.4	13.8	2.3	7.5	**4**	19.1	7.6	**2**	21.9	–26.3	very high
Raytheon	**56/79**	**4**	20.3	18.8	4.3	5.9	**15**	8.5	1.0	**11**	–1.0	63.9	very low
Sanders Associates	**35/70**	**5**	18.2	11.6	5.3	4.2	**2**	33.2	18.7	**4**	14.3	–14.7	very high
Pitney Bowes	**89/●**	**6**	18.0	20.8	21.2	8.2	**12**	10.2	5.4	**6**	9.0	9.2	average
Tyler	**38/26**	**7**	16.5	10.8	88.4	2.3	**7**	14.1	–18.8	**9**	2.2	–38.4	very low
M/A-Com	**35/47**	**8**	16.4	9.3	29.1	4.7	**1**	38.1	9.9	**7**	7.6	2.2	low
Perkin-Elmer	**52/58**	**9**	15.9	13.2	12.2	6.0	**16**	7.0	7.8	**14**	–1.5	5.4	very low
Tektronix	**●/●**	**10**	15.4	9.3	10.8	5.4	**13**	10.1	4.5	**10**	0.0	–40.6	very low
General Signal	**47/60**	**11**	14.4	11.5	10.7	5.8	**20**	4.4	2.2	**13**	–1.2	–2.2	very low
Bairnco	**27/31**	**12**	14.3	15.2	51.6	4.5	**3**	32.6	10.1	**1**	31.4	–3.4	very high
General Instrument	**34/DD**	**13**	13.9	def	5.8	def	**18**	5.7	–8.0		NM	P–D	NM
Insilco	**34/34**	**14**	13.4	10.6	51.8	3.6	**19**	4.5	6.6	**12**	–1.1	–11.1	very low
North Amer Philips	**45/60**	**15**	13.1	9.7	50.8	2.2	**9**	12.3	2.9	**8**	5.8	–23.9	low
Honeywell	**43/48**	**16**	13.0	8.0	28.0	2.9	**17**	6.9	5.7	**15**	–2.7	–36.6	low
Sun Chemical	**19/11**	**17**	12.8	10.7	96.2	2.2	**8**	13.2	1.1	**17**	–18.1	70.1	low
Xerox	**71/●**	**18**	12.2	4.3	35.5	2.6	**22**	3.4	0.4	**18**	–20.2	–40.0	high
American District	**●/●**	**19**	11.7	6.5	15.5	2.6	**14**	9.3	7.8	**16**	–3.1	3.9	very low
Varian Associates	**77/75**	**20**	10.8	6.1	10.1	2.7	**10**	11.6	4.7		NM	–56.3	NM
Penn Central	**53/35**	**21**	8.8	7.5	17.5	4.8	**5**	15.1	–1.1		NM	486.5	NM
Eaton	**48/76**	**22**	8.0	20.1	36.7	6.7	**23**	–1.6	9.0		NM	2.0	NM
Gould	**41/48**	**23**	7.9	def	29.6	def	**26**	–9.6	–11.3	**19**	–30.3	P–D	high
Nashua	**62/63**	**24**	4.0	11.9	37.9	2.5	**24**	–2.1	2.6		NM	–21.0	NM
Oak Industries	**●/DD**	**25**	def	def	NE	def	**21**	3.6	–30.6		NM	D–D	NM
AM International	**●/●**	**26**	def††	NE	21.2	1.8	**25**	–7.4	2.2		NM	–69.7	NM
Medians			**13.7**	**10.7**	**19.4**	**3.9**		**9.7**	**3.7**		**–1.4**	**–17.9**	
Semiconductors													
Schlumberger	**39/12**	**1**	30.6%	15.1%	13.8%	16.8%	**7**	9.0%	6.2%	**3**	9.4%	–10.7%	average
Advanced Micro	**●/●**	**2**	25.1	8.5	9.9	5.6	**1**	30.2	–14.3	**1**	37.4	–69.9	average
Avnet	**75/77**	**3**	16.7	5.8	17.6	2.5	**9**	5.5	–15.9	**5**	3.1	–58.7	very low
Motorola	**38/63**	**4**	15.8	6.8	23.3	2.8	**5**	14.4	3.1	**2**	10.1	–61.0	average
Intel	**●/●**	**5**	15.3	2.9	10.8	2.7	**3**	16.8	–5.3	**4**	9.2	–82.3	very low
General Instrument	**28/PD**	**6**	13.9	def	5.8	def	**8**	5.7	–8.0		NM	P–D	NM
Natl Semiconductor	**64/76**	**7**	11.7	def	33.2	def	**4**	14.7	–4.0		NM	P–D	NM
Texas Instruments	**45/78**	**8**	11.6	def	24.7	def	**6**	9.8	–5.3		NM	P–D	NM
Arrow Electronics	**●/●**	**9**	9.1	def	215.7	def	**2**	21.2	–22.3		NM	P–D	NM
Medians			**15.3**	**2.9**	**17.6**	**2.5**		**14.4**	**–5.3**		**3.1**	**–82.3**	
Industry medians			**14.3**	**8.5**	**22.7**	**2.9**		**11.9**	**4.3**		**–1.0**	**–26.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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CONSTRUCTION

What happened to the housing boom that was supposed to occur when interest rates dropped below 13%?

Holly Kuper

By Mary Kuntz

REMEMBER A FEW YEARS AGO when mortgage rates were 18% and the housing industry used to talk about 13% as the "magic number"? Below 13%, said the builders, pent-up demand would get housing starts going like—well, like a house afire.

Well, mortgage rates were below the magic number for most of 1985, and the big explosion never happened.

Total starts for the year, 1.725 million, wasn't bad. But it was a big disappointment for believers in magic. It was below 1984 (when rates were 13% to 15%) and far below the 2 million of 1978.

What happened? One reason could be psychological. As long as rates keep falling, home buyers will hold off, hoping to get a better deal.

Also, with foreclosures up and with such mortgage debacles as Pacific American Insurance and Epic, lending standards tightened last year for all mortgages.

Finally, fear of tax reform spurred a rash of apartment

Construction

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Residential builders													
Pulte Home	●/●	1	26.5%	13.8%	16.0%	3.0%	1	27.1%	–13.4%	2	17.4%	–2.3%	low
Fleetwood Enterprises	38/22	2	14.2	21.0	0.0	4.0	2	15.3	–11.5	1	194.2‡‡	–16.4	very high
Centex	45/54	3	12.4††	14.3	21.1	3.3	4	3.5	5.9	4	6.4	–7.6	very low
Ryan Homes	●/●	4	9.8	15.5	14.4	3.8	3	5.4	–5.2	6	–7.0	60.6	very low
Skyline	67/DP	5	6.0	7.4	0.0	2.8	7	–2.8	–14.6	5	–5.6	14.3	low
Del E Webb	63/81	6	5.5	13.0	67.1	5.1	8	–4.2	–32.3	3	9.9	29.3	low
US Home	●/DD	7	5.4	def	100.7	def	6	2.5	–13.7		NM	D–D	NM
Kaufman & Broad	60/58	8	4.7	14.5	82.4	4.7	5	3.3	33.5		NM	72.1	NM
Medians			**7.9**	**14.1**	**18.6**	**3.6**		**3.4**	**–12.5**		**0.4**	**6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

house tax shelter deals aimed at getting in under the wire.

Considering the dismal condition of the construction industry at the beginning of the decade, perhaps the news at midpoint isn't all that bad. But there are definite signs that could signal another down cycle:

- The commercial vacancy rate is over 18%, according to the Coldwell Banker Office Vacancy Index. Salomon Brothers analyst Barbara Alexander expects it to reach a dizzying 20% in 1986.
- Commercial and industrial building starts ran just over a billion square feet in 1985, still below the 1979 peak of 1.1 billion. Commercial builders' margins were hammered to 1.1%, and return on equity to 6.1%, less than half the five-year median average.

Success under these conditions means being in the right place at the right time—more important, not being in the wrong place.

Take U.S. Home, the nation's largest home builder. It's still reeling from the collapse of once-booming markets in its hometown of Houston, as well as Denver, New Orleans, Oklahoma City and Tulsa. "It's all oil and gas related," laments George Matters, chairman and chief executive. At year-end U.S. Home was hovering around the break-even point, but that was better than 1984, when it lost $1.27 a share.

Even Pulte, the industry leader for the third year in a row, didn't have 20/20 foresight. Pulte pulled out of its depressed home market of Detroit just before one of the hottest housing comebacks of the year.

Builders tied to the energy field sustained the worst hits. CBI Industries took a $153 million writedown. Backlogs at Foster continued to fall. Fluor had to raise cash through a $500 million sale-leaseback arrangement on its Texas and California facilities in order to pay down debt.

Who did well? Centex, which appears on both residential and commercial lists, was the only commercial builder last year whose return on equity was much above its average for the last three years—and that was mainly because of its home building.

The best commercial opportunities this year will probably lie in specialized markets—small industrial buildings, military installations and commercial rehabs. Industry leader Turner Corp., for example, has a division specializing in medical buildings.

What about the building suppliers? Overcapacity and low margins. Weyerhaeuser estimates North American

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Commercial builders													
Turner	●/●	1	25.7%	16.5%	24.6%	0.5%	12	2.2%	17.7%	2	20.0%	–15.5%	very high
Dover	35/29	2	24.0	16.8	13.1	6.5	1	11.7	21.9	4	8.8	–5.4	average
Blount	70/76	3	20.3	10.8	203.5	1.4	6	8.4	15.8	1	21.8	–45.7	high
Foster Wheeler	44/DP	4	17.7	8.6	12.0	2.7	15	–3.2	–11.8	10	–7.2	–3.0	average
CBI Industries	74/42	5	17.0	def	48.7	def	5	8.6	32.1	12	–9.5	P–D	low
Halliburton	28/ 1	6	16.4	1.2	14.2	0.8	16	–4.3	–8.9	8	–6.3	–87.7	very low
United Technologies	33/26	7	16.2	6.6	28.3	2.0	3	10.4	–4.3	5	6.4	–58.6	average
Enserch	24/ 2	8	16.0	0.3	67.9	0.8	4	9.6	–5.9	11	–9.5	–95.7	low
Trinity Industries	52/DD	8	16.0	def	78.0	def	18	–8.1	10.7		NM	D–D	NM
Dynalectron	55/21	10	16.0	11.7	22.1	1.9	2	10.5	6.8	3	16.6	28.6	low
American Standard	36/33	11	14.7	12.6	44.6	3.5	13	1.8	10.2	14	–17.9	20.7	average
Morrison-Knudsen	77/45	12	14.7	11.6	12.3	2.1	7	8.1	–0.7	7	5.8	2.2	very high
Fischbach	●/●	13	14.6	def	14.9	def	9	6.8	–14.8	9	–6.7	P–D	very low
Fluor	72/81	14	12.8	def	42.7	def	10	4.5	–11.1	15	–61.1	D–D	average
Centex	42/10	15	12.4††	14.3	21.1	3.3	11	3.5	5.9	6	6.4	–7.6	very low
Perini	89/DD	16	11.4	def	30.8	def	8	7.4	–0.6	13	–12.4	P–D	very low
Butler Manufacturing	83/NM	17	5.3	5.5	27.0	1.6	14	–1.7	20.4		NM	D–P	NM
Dravo	43/DD	18	def	def	29.4	def	17	–5.5	5.8		NM	D–D	NM
Medians			**16.0**	**6.1**	**27.7**	**1.1**		**5.7**	**5.9**		**–7.0**	**–58.6**	
Cement and gypsum													
USG	50/86	1	14.0%	24.6%	31.5%	8.4%	3	6.6%	16.7%	1	2.5%	20.6%	very low
National Gypsum	44/87	2	11.2	22.1	24.2	7.1	2	9.0	6.8	2	0.4	23.8	very low
Moore McCormack	53/64	3	8.7	4.9	87.6	3.8	7	–3.4	9.0	3	–27.2	–1.6	average
Lone Star Industries	●/85	4	6.9	14.9	67.5	9.1	4	3.5	–6.8		NM	114.6	NM
Gifford-Hill	●/●	5	6.2	0.1	93.4	0.1	5	–2.5	–1.2	4	–34.0	–98.8	average
Ideal Basic Inds	77/DP	6	1.1	def	117.6	def	6	–3.3	–17.6		NM	D–D	NM
Lafarge	89/●	7	def	0.3	85.8	0.4	1	12.3	2.2		NM	D–P	NM
Dravo	28/PD	8	def	def	29.4	def	8	–5.5	5.8		NM	D–D	NM
Medians			**6.6**	**2.6**	**76.7**	**2.1**		**0.5**	**4.0**		**–34.0**	**–1.6**	

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lumber overcapacity at 15% to 20%, with no improvement in sight. This despite a string of mill shutdowns, including, at least temporarily, Weyerhaeuser's own Longview, Wash. operation, its biggest. Boise Cascade took an $88 million writeoff and sold its building products distribution facilities in Texas and Oklahoma.

The strong dollar opened the cement industry to floods of imports. Lone Star Industries, the biggest producer, first tried lobbying and Buy America appeals. When that didn't work, it decided to join them: In 1985 Lone Star became the nation's number one cement importer.

Lone Star stands next to last in profitability in its industry segment, and it's no surprise that USG and National Gypsum (whose management is trying a $1.1 billion leveraged buyout) are the leaders. Gypsum, alone among building commodities, has held its price, and sales were running 10% ahead of 1984 late in the year. Biggest question mark with both companies: asbestos liability suits.

The construction industry has hit some remarkable highs in the last ten years. It's also hit some record-breaking lows. The fact that it did neither in 1985 could be taken as a sign of health after pulling out of one of the worst slumps in building history.

But beware. . . . ■

Construction

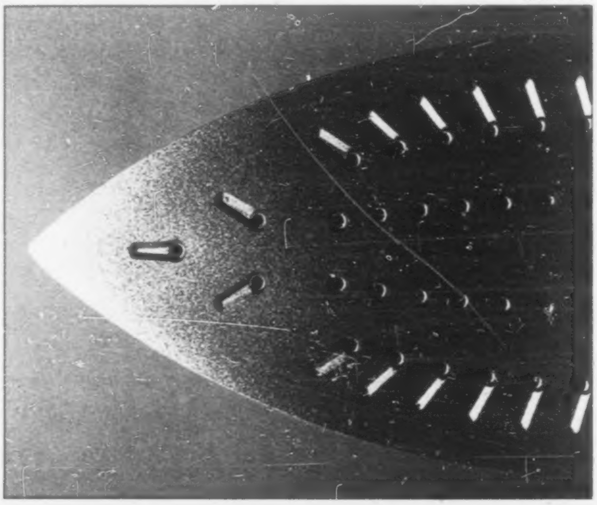
Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Lumber													
Willamette Inds	32/ 7	1	9.1%	15.4%	54.6%	5.7%	3	5.4%	2.7%	1	–12.6%	39.4%	very low
Potlatch	27/DP	2	7.3	6.9	47.4	4.5	6	3.7	–3.2	2	–14.1	–7.7	average
Weyerhaeuser	49/28	3	7.2	4.6	36.2	3.1	5	3.7	–0.5	3	–18.8	–43.2	average
Georgia-Pacific	66/63	4	6.3	1.2	62.2	0.7	1	5.9	–1.2	4	–24.1	–88.8	high
Boise Cascade	31/DP	5	6.0	3.8	74.5	1.6	4	4.9	–1.6	5	–27.3	–50.3	average
Champion Intl	35/ 5	6	4.3	def	76.8	0.2	2	5.5	39.0		NM	P–D	NM
Louisiana-Pacific	82/76	7	4.1	2.8	23.8	1.7	7	–2.0	–0.6		NM	–56.6	NM
Southwest Forest Inds	24/ 1	8	def	def	137.0	def	8	–2.1	–3.6		NM	P–D	NM
Medians			**6.2**	**3.3**	**58.4**	**1.7**		**4.3**	**–0.9**		**–25.7**	**–53.5**	
Other materials													
Carlisle	30/59	1	23.7%	16.3%	24.7%	5.9%	5	7.7%	0.1%	5	6.1%	–1.8%	low
Masco	84/●	2	19.7	16.9	51.9	14.2	4	7.9	–15.4	4	7.0	1.4	high
Vulcan Materials	45/77	3	17.6	14.9	15.3	7.7	13	4.5	3.8	12	–0.2	–3.5	very low
Tyler	22/41	4	16.5	10.8	88.4	2.3	2	14.1	–18.8	10	2.2	–38.4	very low
HH Robertson	●/82	5	16.5	def	18.3	def	16	2.8	9.9	17	–9.8	P–D	very low
Stanadyne	36/52	6	15.5	15.3	17.0	6.0	19	0.6	0.7	3	9.8	–18.0	low
American Standard	24/31	7	14.7	12.6	44.6	3.5	18	1.8	10.2	19	–17.9	20.7	average
Bairnco	72/68	8	14.3	15.2	51.6	4.5	1	32.6	10.1	1	31.4	–3.4	very high
USG	40/11	9	14.0	24.6	31.5	8.4	6	6.6	16.7	9	2.5	20.6	very low
PPG Industries	30/NA	10	13.8	15.6	24.3	7.2	8	6.0	3.9	8	3.1	2.5	very low
Insilco	38/33	11	13.4	10.6	51.8	3.6	12	4.5	6.6	13	–1.1	–11.1	very low
Harsco	25/13	12	12.1	14.2	29.1	4.8	21	–0.3	29.3	16	–7.2	54.5	low
DeSoto	77/78	13	12.0	12.7	36.8	3.7	14	2.9	6.1	2	13.6	–13.1	average
National Gypsum	32/10	14	11.2	22.1	24.2	7.1	3	9.0	6.8	11	0.4	23.8	very low
Ceco Industries	●/●	15	10.4	8.8	17.0	2.1	10	5.4	9.3	15	–5.6	17.4	average
Amsted Industries	37/43	16	9.6	7.9	0.0	4.2	26	–10.1	11.9		NM	20.2	NM
Armstrong World Inds	74/77	17	9.2	15.2	7.9	5.9	15	2.9	6.0	6	5.4	15.1	very low
Owens-Corning	82/68	18	8.9	14.3	26.6	3.9	9	5.9	3.1	7	3.5	5.2	very low
SCM	30/40	19	8.7	8.2	63.4	2.0	20	0.4	9.9	18	–10.3	–6.8	average
Jim Walter	32/19	20	7.6	13.6	111.6	4.9	17	2.4	1.5	14	–4.4	14.8	very low
Koppers	38/73	21	3.1	def	35.8	0.1	22	–2.5	3.2		NM	P–D	NM
Crane	●/●	22	1.9	14.6	65.6	3.1	27	–15.3	25.7		NM	D–P	NM
CertainTeed	●/●	23	1.8	13.0	26.5	5.1	11	5.2	–4.5		NM	56.5	NM
Manville	86/89	24	1.8	def	42.9	def	24	–6.0	4.1		NM	P–D	NM
GAF	50/12	25	def	25.1	33.9	7.2	25	–6.9	–1.2		NM	D–P	NM
Bird	79/DD	26	def	def	35.5	def	23	–4.0	–25.1		NM	D–D	NM
Temple-Inland	23/25		NA	11.2	31.7	7.2	7	6.6	–0.5		NA	NA	NA
Medians			**11.6**	**13.6**	**31.7**	**4.5**		**2.9**	**4.1**		**–2.8**	**–0.2**	
Industry medians			**11.2**	**10.8**	**31.7**	**3.1**		**3.7**	**3.1**		**–8.4**	**–7.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ††Three-year average ‡‡Three-year growth
For further explanation, see page 56

CONSUMER PRODUCTS

The merger movement in consumer products is born more of desperation than of opportunity.


Steven Brown

Consumer products

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Appliances													
Maytag	●/●	1	24.0%	31.1%	10.6%	10.5%	3	13.6%	7.4%	6	9.1%	14.4%	average
Emerson Electric	27/28	2	20.7	19.9	7.0	8.6	7	8.2	11.3	7	7.8	6.5	very high
Fuqua Industries	27/57	3	20.7†	17.9	114.0	3.7	21	–14.8	11.2		NM	–8.5	NM
General Electric	12/10	4	20.2	18.5	6.0	8.5	13	3.7	0.5	5	10.2	5.4	very high
Whirlpool	●/●	5	17.7	15.4	4.8	5.1	9	6.2	8.0	3	12.7	–10.5	very high
Pittway	40/33	6	16.2	12.6	4.6	5.6	5	11.5	10.2	9	4.8	–3.2	low
Stanley Works	37/41	7	14.0	16.6	16.7	6.3	12	4.4	6.9	10	1.6	7.5	very low
North Amer Philips	54/39	8	13.1	9.7	50.8	2.2	4	12.3	2.9	8	5.8	–23.9	low
Magic Chef	80/69	9	12.7	19.8	27.1	5.0	1	16.0	–5.6	1	36.4	–9.0	average
Roper Corp	89/●	10	11.1	def	58.2	def	11	5.5	–0.9	2	25.8	P–D	average
Arvin Industries	28/24	11	9.0	16.0	30.6	4.1	6	10.1	9.8	4	12.7	10.7	low
RCA	21/ 3	12	8.7	16.9	60.2	4.1	10	5.6	–6.2		NM	82.9	NM
Black & Decker	●/●	13	8.5	def	40.9	def	14	1.0	13.0		NM	P–D	NM
Hoover	●/●	14	8.3	17.1	5.8	4.8	17	–3.6	–1.1		NM	–3.7	NM
Zenith Electronics	61/NA	15	8.0	0.1	38.9	0.0	8	8.0	1.7		NM	–99.3	NM
Singer	38/32	16	6.9	19.3	66.8	3.0	16	–1.8	–2.5		NM	90.4	NM
White Consolidated	85/●	17	5.5	def	37.6	def	15	–1.0	–9.5		NM	P–D	NM
Allegheny International	65/55	18	4.1	def	92.6	def	2	14.6	–12.3		NM	P–D	NM
Talley Industries	41/20	19	def	11.0	64.6	3.6	19	–8.3	13.3		NM	13.6	NM
Toro	51/NA	20	def	18.7	35.6	3.9	18	–8.1	20.2		NM	70.4	NM
American Hoist	28/PD	21	def	def	74.6	def	20	–10.8	10.6		NM	D–D	NM
Medians			**9.0**	**16.0**	**37.6**	**3.9**		**5.5**	**6.9**		**NM**	**–3.7**	

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P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four-year average ‡Four-year growth For further explanation, see page 56

By Jeff Bloch

THESE DAYS, THINK OF CONSUMER PRODUCTS as if they were oil wells. Why go wildcatting when it's cheaper to buy reserves in the ground? Why risk millions of dollars trying to push a new product onto already crowded shelves and into showrooms when it's cheaper to acquire existing name brands?

That's the thinking that rules today in this business: Don't earn shelf space, buy it. And not only in food and soap products. The same mood seems prevalent in appliances. Take Whirlpool's proposed $150 million acquisition of KitchenAid, a merger tied up in the courts on antitrust grounds by competitors White Consolidated Industries and Magic Chef. Those companies themselves have spent the past few years acquiring such brands as Frigidaire, Toastmaster and Admiral.

Now General Electric plans to merge with RCA. If the merger goes through, look for yet more mergers in appliances and home electronics.

As in the appliance business, sales growth for household products is hardly exciting, so people are buying shelf space—even P&G. For example, P&G had 63% of the U.S. disposable diaper business three years ago, according to Hercules Segalas, Drexel Burnham Lambert senior vice president. By July the company's share of the $3.7 billion business had dropped to 45%, though in November it rose to 49½%, and Segalas predicts more recovery in 1986.

But for real growth, the master of new product introduction is buying instead of developing. Segalas figures P&G's $1.5 billion takeover of Richardson-Vicks and its household names like Vicks and Fixodent was worth the price. ■

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Home furnishings													
Rubbermaid	●/●	1	17.9%	21.8%	9.2%	8.6%	2	12.7%	11.2%	3	18.6%	16.7%	high
Shaw Industries	●/●	2	17.7	22.4	41.8	4.7	1	17.5	11.1	2	19.9	2.8	average
West Point-Pepperell	57/77	3	13.0	6.2	21.4	2.4	3	3.4	–9.7	5	10.6	–49.1	high
M Lowenstein	30/27	4	10.9	11.4	27.9	3.9	9	–0.9	–7.0	1	47.5‡	–23.4	very high
Corning Glass Works	23/DP	5	9.7	8.5	29.0	5.5	4	3.2	–0.6	7	–10.9	3.3	high
Springs Industries	48/69	6	8.8	3.5	8.9	1.7	5	2.8	–6.1	4	11.8	–62.7	very low
Burlington Inds	34/35	7	7.1	1.1	36.4	0.5	6	2.3	–11.6	6	–4.8	–79.8	very low
Fieldcrest Mills	●/●	8	7.0	2.5	46.9	0.8	8	1.6	–0.6	8	–23.8	–62.5	high
Mohasco	●/75	9	3.6	8.1	26.0	2.3	10	–2.2	6.4		NM	8.7	NM
Anchor Hocking	74/DD	10	3.0	def	27.8	def	11	–3.5	5.6		NM	P–D	NM
JP Stevens	33/29	11	2.3	def	61.7	def	7	2.0	–9.9		NM	P–D	NM
Medians			**8.8**	**6.2**	**27.9**	**2.3**		**2.3**	**–0.6**		**–4.8**	**–49.1**	
Household products													
Am Home Prods	32/17	1	34.2%	33.8%	1.9%	15.3%	3	6.6%	–7.6%	2	12.1%	6.9%	very high
Procter & Gamble	34/67	2	19.7	12.8	16.6	4.8	4	6.2	3.9	3	9.4	–21.8	very high
Clorox	88/●	3	19.1	19.6	8.0	8.3	1	12.1	9.0	1	16.0	13.0	high
Sterling Drug	32/NA	4	16.2	16.0	8.6	8.2	5	3.9	–3.0	4	4.5	5.6	very high
Economics Lab	●/●	5	12.4	18.4	28.8	5.5	2	8.0	6.6		NM	15.8	NM
Medians			**19.1**	**18.4**	**8.6**	**8.2**		**6.6**	**3.9**		**9.4**	**6.9**	
Personal products													
Bristol-Myers	24/22	1	23.3%	24.2%	4.8%	11.9%	4	8.3%	5.1%	1	14.3%	12.5%	very high
Chesebrough-Pond's	43/51	2	21.0	16.8	39.0	4.3	3	8.8	38.6	6	5.5	–3.2	average
Shaklee	87/●	3	20.6	8.3	17.2	3.2	5	8.0	–11.6	7	1.3	–2.0	very low
Procter & Gamble	36/32	4	19.7	12.8	16.6	4.8	8	6.2	3.9	3	9.4	–21.8	very high
Avon Products	58/59	5	19.3	13.9	38.1	5.5	9	5.8	–5.5	13	–14.2	–10.7	very high
Gillette	87/●	6	19.2	20.0	56.0	6.8	12	1.4	2.8	5	6.7	–0.6	very high
Johnson & Johnson	42/34	7	19.2	20.3	7.7	9.4	6	7.6	4.5	4	7.1	30.0	high
Hillenbrand Inds	52/57	8	18.8	15.2	28.1	7.2	1	10.1	6.2	2	9.6	–3.2	very high
Schering-Plough	43/37	9	16.0	14.2	9.6	9.9	11	4.3	1.4	9	–4.0	6.4	average
Kimberly-Clark	74/63	10	14.7	16.9	34.4	6.8	2	9.4	11.5	10	–4.3	25.4	low
Colgate-Palmolive	68/54	11	13.4	4.2	22.9	1.1	13	0.6	–6.8	11	–5.7	–73.8	very low
Revlon	45/33	12	13.0	11.8	48.1	5.0	10	5.6	0.4	12	–11.6	0.3	high
Scott Paper	64/48	13	10.1	13.0	40.7	6.8	7	7.4	16.4	8	–3.2	20.2	very low
Medians			**19.2**	**14.2**	**28.1**	**6.8**		**7.4**	**3.9**		**1.3**	**–0.6**	
Industry medians			**13.1**	**14.1**	**28.5**	**4.8**		**5.6**	**3.4**		**1.5**	**–2.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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DIVERSIFIED COMPANIES

Retributive justice: Twenty years ago these companies were buying everything in sight. Now they're targets themselves.

By Laura Jereski

EVEN AS NEW CONGLOMERATES are born from today's megamergers, old ones are disappearing. Chances are, one-fourth of the diversified companies on the lists below won't be back next year, and half the survivors won't look the same.

Multicompanies and conglomerates are fast dumping what they acquired in the heady days when Harold Geneen was supposed to inherit the earth. In 1981 we counted 73 conglomerates, or multi-industry companies. This year our list has a trim 41.

Many were snapped up by LBO and takeover. But most left intact, going back to concentrate on one or two major industries. You'll find Sybron and Corning Glass Works, for example, in health care now.

For some, it has worked well and vindicated Wall Street's knee-jerk enthusiasm for "restructuring." But that's been when the core business is solid and the company is well managed. Martin Marietta, for example, is returning to aerospace and electronics. That may pay off if it gets a piece of the Strategic Defense Initiative.

For many the choice was to slim down or to be taken over. About half these companies sold divisions last year, often in painful fashion. Olin took a $230 million aftertax hit when it shut down some chemical operations. TRW put on the block a group of businesses accounting for about 10% of sales, and the $170 million aftertax reserve it set up translated to more than half this year's earnings.

Writeoffs are one side of the divestiture picture; unearthing buried assets is the other side. Poorly performing divisions, a drag on earnings, can often be sold for book

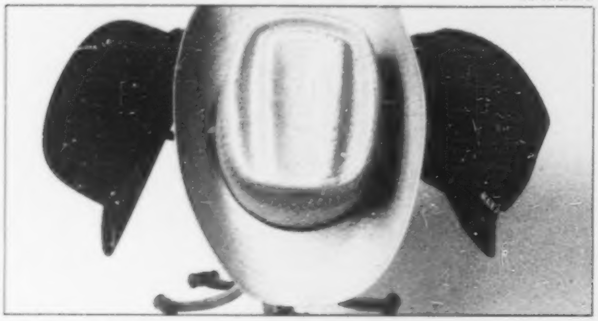
Diversified companies

Yardsticks of management performance

	Profitability					**Growth**						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Multicompanies												
Dover	1	24.0%	16.8%	13.1%	6.5%	2	11.7%	21.9%	4	8.8%	–5.4%	average
American Brands	2	21.1	18.6	31.8	9.1	12	2.8	0.2	8	2.1	–1.0	average
General Electric	3	20.2	18.5	6.0	8.5	11	3.7	0.5	2	10.2	5.4	very high
Minn Mining & Mfg	4	20.1	18.1	8.7	8.8	6	6.5	2.4	9	1.3	–5.0	low
IU International	5	18.8	def	119.8	def	18	–1.7	5.9	18	–33.7	P–D	low
Westinghouse Electric	6	16.1	15.5	15.2	5.6	7	6.1	4.0	5	7.4	13.8	high
Borg-Warner	7	13.1	10.8	14.7	4.4	5	8.4	0.8	6	6.2	–15.4	average
Household International	8	12.0	13.6	236.0	2.6	3	9.1	5.3	7	4.7	–4.6	low
Interco	9	10.9	5.9	18.3	2.5	9	4.8	–7.4	13	–8.4	–42.8	average
ITT	10	10.6	6.9	42.9	3.4	21	–6.9	–14.2	11	–5.1	–9.7	very low
FMC	11	10.5	5.5	30.4	1.0	16	0.3	–10.4	15	–15.8	–70.8	low
Martin Marietta	12	9.7	37.8	55.4	5.4	1	13.7	–1.5		NM	D–P	NM
Union Carbide	13	8.9	def	48.0	def	17	–0.7	–4.5	17	–25.1	P–D	average
Textron	14	8.8	14.7	16.0	3.3	19	–2.1	80.7	12	–6.4	84.5	low
SCM	15	8.7	8.2	63.4	2.0	15	0.4	9.9	14	–10.3	–6.8	average
RCA	16	8.7	16.9	60.2	4.1	8	5.6	–6.2		NM	82.9	NM
Olin	17	8.7	def	42.6	def	14	2.3	–9.6	3	8.9	P–D	low
Berkshire Hathaway	18	8.4	7.0	10.0	11.0	4	8.7	26.0	1	15.0	11.8	high
National Distillers	19	8.2	4.8	30.4	2.7	10	4.6	–33.0	16	–19.3	–29.7	high
Jim Walter	20	7.6	13.6	111.6	4.9	13	2.4	1.5	10	–4.4	14.8	very low
Koppers	21	3.1	def	35.8	0.1	20	–2.5	3.2		NM	P–D	NM
Medians		**10.5**	**10.8**	**31.8**	**3.4**		**3.7**	**0.8**		**–5.1**	**–6.1**	

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NM: Not meaningful. †Four-year average. For further explanation, see page 56.

Steven Brown



value or even higher. A year ago Goldman, Sachs' Jack Kelly started calculating price/book ratios. SCM, whose stock was then the second cheapest on the list, was selling for 42⅝; an unsolicited bid from Hanson Trust Plc. drove the price of this unprepossessing company to around 70—more accurately reflecting its asset value.

It takes a brave company to sit on cash today. After Litton repurchased 15 million of its 42 million shares with debt, it was nearly alone among these companies left with a strong cash position ($1.5 billion). Who wants cash when it can be used against you?

But even paring down doesn't necessarily stifle the smell of blood when, as with IU International, depreciation makes up such a large part of cash flow, the lifeblood of leveraged deals. Or when the stock price is chronically low, as with Interco, Koppers and Chromalloy American.

After all, it's one thing to buy into Lear Siegler (recent price, 48½; by Merrill Lynch's Carol Neves, breakup estimate, 60) or Litton (79⅛; 125)—at worst, you'll still get above-average returns and positive earnings. But what about some of the others? With Whittaker, the perceived value isn't in the core health care business but in sidelines—along with $11 a share in cash and another $1.50 from the pension fund.

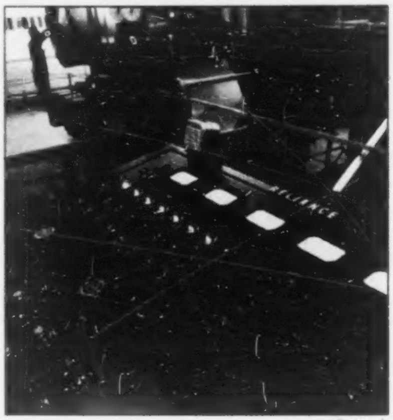
Or Koppers, whose price isn't close to book of $18.64, but whose breakup value (according to Jeffrey Klein of Kidder, Peabody) is $20. That's mainly because of an overfunded pension fund, a LIFO reserve and such underpublicized assets as timberlands, an office building and venture capital investments worth some $8 to $13 a share. As Merrill Lynch's Jack Kavanagh says, "People are taking passes at some of the funniest-looking companies." ■

	Profitability					**Growth**							
	Return on equity					**Sales**			**Earnings per share**				
Company	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Conglomerates												
Litton Industries	1	22.9%	15.2%	158.3%	6.5%	12	2.6%	–0.3%	3	5.4%	–0.7%	low
Teledyne	2	21.3	24.6	92.4	8.5	11	3.5	–3.4	4	3.1	33.6	very low
Fuqua Industries	3	20.7†	17.9	114.0	3.7	20	–14.8	11.2		NM	–8.5	NM
Raytheon	4	20.3	18.8	4.3	5.9	5	8.5	1.0	8	–1.0	63.9	very low
Lear Siegler	5	19.7	15.9	44.2	4.0	7	5.7	11.6	7	0.3	2.2	very low
Whittaker	6	17.5	8.4	40.2	2.4	8	5.5	–22.2	11	–5.2	–41.9	low
TRW	7	16.7	4.6	14.6	1.4	9	4.9	2.4	6	0.6	–69.4	very low
United Technologies	8	16.2	6.6	28.3	2.0	4	10.4	–4.3	2	6.4	–58.6	average
Scott & Fetzer	9	15.8	15.3	13.7	5.5	14	–0.3	–1.7	1	7.8	–5.9	average
Figgie International	10	14.8	13.6	74.6	3.2	15	–0.7	8.5	5	2.7	27.2	very low
WR Grace	11	13.8	7.1	68.6	2.3	10	3.5	6.4	12	–8.5	–20.3	low
Kidde	12	13.7	12.0	73.5	3.2	16	–1.8	5.0	9	–3.1	3.8	low
Ogden	13	12.8	8.4	88.6	2.3	17	–2.8	–38.1	13	–15.2	–29.4	high
Allied-Signal	14	12.7	14.0	45.7	4.8	1	19.6	–5.9		NM	301.7	NM
Gulf & Western Inds	15	9.3	12.6	49.7	14.0	18	–5.9	–59.9		NM	–7.3	NM
Penn Central	16	8.8	7.5	17.5	4.8	2	15.1	–1.1		NM	486.5	NM
IC Industries	17	8.6	7.9	92.2	2.8	13	0.6	12.9	10	–3.9	–33.8	very low
Allegheny International	18	4.1	def	92.6	def	3	14.6	–12.3		NM	P–D	NM
Amfac	19	2.9	def	83.1	def	6	6.6	0.8		NM	D–D	NM
Chromalloy American	20	def	def	83.6	def	19	–12.5	–3.2		NM	D–D	NM
Medians		**14.3**	**10.2**	**71.1**	**3.2**		**3.5**	**–0.7**		**–4.6**	**–7.9**	
Industry medians		**12.7**	**10.8**	**44.2**	**3.3**		**3.5**	**0.5**		**–5.1**	**–7.1**	
All-industry medians		**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NM: Not meaningful †Four-year average For further explanation, see page 56

ELECTRICAL EQUIPMENT

Glamorous? No. Profitable? Yes.



Comstock

By John Hayes

THESE STEADY, UNGLAMOROUS COMPANIES have consistently outpaced the rest of U.S. industry in good times and bad.

Their profit margins exceeded the all-industry median for every one of the past six years. Not surprising that their stocks have outperformed the S&P's 400 since 1979.

This group includes some of the best management in U.S. industry, solid balance sheets and, until recently, not much foreign competition.

The question is, how long can any industry grow profits faster than sales, as these companies have done for two years? For an answer, take a look at some interesting departures from style last year.

Apart from General Electric/RCA, spectacular for its sheer size, take Emerson Electric's $375 million acquisition of Automatic Switch. The all-stock deal (which caused an 8% dilution) was the highest price Emerson had ever paid. It was also a departure from Emerson's classic buy-it-and-fix-it approach. Says Drexel Burnham Lambert's Nicholas Heymann: "This is an attempt to buy growth, rather than a turnaround situation."

Or take Cooper Industries' $1.1 billion takeover of McGraw-Edison. It raised Cooper's debt to more than 100% of equity, far above the previous 12%. That's almost unknown in this industry.

Still, says Kidder, Peabody's Robert McCoy, "it's perfect for Cooper in the short term. They wiped out a whole layer of management and overhead at McGraw, and, as a result, it's already contributing to earnings." Long term, though, McCoy isn't sure whether McGraw's mature, slow-growth businesses will continue to help that much.

Westinghouse, a perennial laggard in the Yardsticks, made big news, too, with a "restructuring" that sent its stock up 84% during the year. The company put its Group W cable operations on the block, hoping to get about $2 billion. It will use the money to help buy back 14% of its outstanding shares and perhaps to pay the writeoffs for scuttling weak operations like elevators and robotics. ■

Electrical equipment

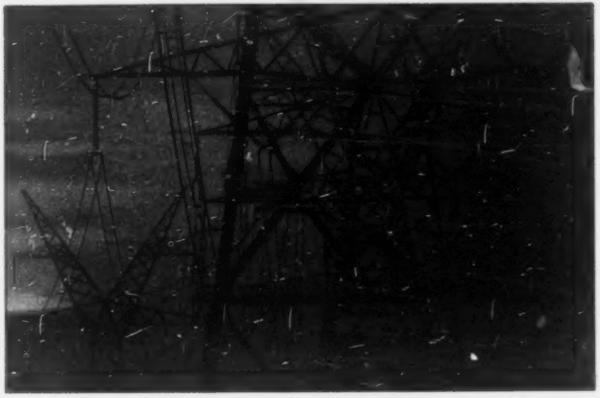
Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Emerson Electric	60/59	1	20.7%	19.9%	7.0%	8.6%	3	8.2%	11.3%	4	7.8%	6.5%	very high
General Electric	34/25	2	20.2	18.5	6.0	8.5	11	3.7	0.5	2	10.2	5.4	very high
Square D	80/●	3	19.5	16.3	30.9	6.6	2	8.5	2.2	10	–1.9	–15.4	very low
National Service	35/26	4	19.5	18.1	2.5	5.7	4	7.7	11.0	3	9.3	10.0	very high
Harvey Hubbell	● /●	5	17.4	17.8	1.0	9.1	9	3.9	8.7	6	7.2	11.6	high
WW Grainger	● /●	6	16.7	15.2	4.7	6.4	5	6.3	7.6	7	4.8	7.0	average
Westinghouse	NA/NA	7	16.1	15.5	15.2	5.6	6	6.1	4.0	5	7.4	13.8	high
Raychem	● /●	8	15.5	9.5	16.8	4.5	1	11.5	9.3	8	–1.0	–7.9	very low
General Signal	22/18	9	14.4	11.5	10.7	5.8	8	4.4	2.2	9	–1.2	–2.2	very low
Cooper Industries	39/49	10	14.4	9.6	12.6	4.6	7	5.1	34.3	11	–18.3	26.9	average
Robertshaw Controls	● /●	11	11.3	17.2	19.4	5.8	9	3.9	–1.2	1	16.7	–0.5	average
Midland-Ross	36/32	12	1.5	def	69.4	def	12	–3.7	–17.2		NM	P–D	NM
Industry medians			**16.4**	**15.9**	**11.7**	**5.8**		**5.6**	**5.8**		**6.0**	**6.0**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. P-D: Profit to deficit. def: Deficit.
NA: Not available. NM: Not meaningful. For further explanation, see page 56.

ELECTRIC UTILITIES

Price wars in the utility business? Is nothing sacred? Believe it: The free market is fast arriving.


Holly Kuper

By Catherine Yang

IT'S LIKE A THREAD IN A SWEATER. If you pull it, it's going to come undone," says Philip O'Connor, outgoing chairman of the Illinois Commerce Commission. O'Connor is talking about what the emerging free market in electric utilities may do to the established regulatory environment.

"We're seeing the tip of the iceberg of an unprecedented competitive environment," says Stanley Skinner, chief financial officer of Pacific Gas & Electric. "We have to posture ourselves to deal with it."

Many utilities have already felt the sting of competition. Wisconsin Electric Power Co. took away the city of Geneva, Ill. from Commonwealth Edison Co. in an agreement struck last year, after Commonwealth raised its rates. Archer-Daniels-Midland Co. in Decatur, Ill. opted to build its own power plant rather than take a rate hike from Illinois Power Co.'s Clinton nuclear plant.

Gulf States Utilities of Beaumont, Tex. figures it may lose up to 680 megawatts of existing sales, more than $20 million annually, over the next three years to nonutility companies that are generating their own electricity and, in some cases, selling it to other companies.

Behind it all is the historic blunder the utilities made pre-OPEC. Plant construction begun then, on assumptions of 7% annual demand growth, came into use when growth had fallen to 2%. Huge construction costs went into rate bases, driving up rates. Big users went looking for an alternative.

At the same time, the electric utilities were trying to peddle their surplus. Virtually all of them have some, says

Electric utilities

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Northeast													
New England Electric	● /●	1	16.4%	18.4%	153.2%	11.6%	20	9.6%	–3.6%	6	13.0%	10.7%	very high
United Illuminating	● /●	2	16.2	17.2	99.4	19.4	18	10.7	0.5	7	9.6	6.8	high
Commonwealth Energy	64/68	3	16.0	16.7	77.5	6.2	13	11.4	–3.6	4	14.0	–13.4	average
Long Island Lighting	81/●	4	14.4	16.8	93.5	24.2	9	12.5	5.4	17	4.7	23.3	very high
Northeast Utilities	89/●	4	14.4	18.9	161.9	14.4	3	13.7	0.7	1	19.8	2.9	very high
Central Hudson G&E	86/88	6	14.4	15.9	90.7	11.1	1	14.4	–2.5	13	6.0	-1.1	very high
Consolidated Edison	80/87	7	14.4	14.2	51.6	10.5	15	11.3	–2.5	3	16.2	–0.9	very high

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For further explanation, see page 56.

Jerry Milbourn, director of the division of electric power application review at the Federal Energy Regulatory Commission (FERC).

Nationally, it amounts to a huge glut: roughly 5% of total U.S. capacity, or enough to light the entire state of New York.

Further, there is competition that was unheard of a few years ago. For example, from nonutilities such as cogenerators, which are not regulated. Utilities grumble that the 1978 Public Utilities Regulatory Policies Act (PURPA), which requires a utility to buy power from a nonutility, gives cogenerators an edge.

"We need a more level playing field," says Jeff Sterba, manager of strategic planning at Public Service Co. of New Mexico. "There should be no distinction between a cogenerator and a utility when it comes to selling power."

Or take industrial companies that generate their own electricity and sell the surplus. Says PG&E's Skinner: "We're willing to meet the challenge of competition, but we have to have the flexibility to set our own prices. We shouldn't have to go into the ring with both hands tied behind our backs."

The fact is, free-market forces now operate in wholesale electricity (retail distribution remains regulated). With the genie out of the bottle, the FERC, which regulates bulk power sales between utilities, is considering easing regulation of wholesale power.

Who would fare best in a totally free wholesale power

Electric utilities

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
NY State E&G	**81/●**	**8**	14.3%	14.6%	105.7%	17.0%	**2**	14.4%	12.2%	**15**	5.3%	–4.4%	high
Niagara Mohawk Pwr	**76/89**	**9**	14.2	14.2	85.1	14.0	**6**	13.1	–2.2	**9**	9.1	–10.7	very high
Public Service NH	**● /●**	**10**	14.1	11.2	81.3	30.2	**16**	11.2	–1.2	**16**	4.8	–17.4	average
Rochester G&E	**60/79**	**11**	14.1	16.7	96.9	15.1	**4**	13.7	–4.3	**5**	13.9	7.3	very high
Orange & Rockland	**73/86**	**12**	13.7	13.2	66.5	7.4	**8**	12.7	–3.8	**11**	6.6	–5.3	very high
Delmarva Power & Lt	**83/●**	**13**	13.2	15.4	80.6	13.4	**19**	9.7	2.9	**8**	9.1	1.9	high
Philadelphia Electric	**81/●**	**14**	12.8	14.3	99.7	17.1	**12**	11.7	2.8	**10**	7.3	–2.7	very high
Atlantic City Electric	**● /●**	**15**	12.7	11.7	78.8	9.9	**5**	13.3	7.6	**14**	5.5	–13.7	low
Boston Edison	**● /●**	**16**	12.6	14.8	105.4	7.5	**14**	11.3	–4.1	**18**	3.5	10.3	low
Public Service E&G	**67/88**	**17**	12.4	14.0	82.8	12.1	**17**	11.2	2.4	**12**	6.2	–2.5	average
Pennsylvania P&L	**● /●**	**18**	12.3	11.1	88.2	16.5	**11**	12.4	16.8	**20**	0.5	–11.0	very low
Central Maine Power	**● /●**	**19**	12.0	0.4	105.1	2.3	**7**	12.9	2.1	**19**	3.1	–97.7	low
General Public Utils	**● /●**	**20**	3.7	7.6	111.4	4.3	**10**	12.5	7.2	**2**	16.6	13.2	very low
Medians			**14.1**	**14.5**	**92.1**	**12.8**		**12.5**	**0.6**		**7.0**	**–1.8**	
Midwest													
Iowa-Illinois G&E	**49/86**	**1**	15.9%	15.6%	85.4%	11.1%	**12**	11.0%	–3.7%	**9**	9.9%	7.4%	very high
Kansas City P&L	**● /●**	**2**	15.9	18.9	106.2	28.3	**19**	8.9	–0.5	**1**	19.3	6.0	high
Kansas P&L	**34/77**	**3**	15.8	15.4	82.2	6.3	**1**	33.3	–11.2	**5**	11.8	–11.4	very high
Wisconsin P&L	**73/●**	**4**	15.8	16.4	72.7	10.7	**15**	10.2	–2.4	**6**	11.7	17.0	very high
No States Power	**76/●**	**5**	15.4	15.1	84.1	10.5	**5**	12.1	0.1	**3**	13.3	–5.8	very high
Illinois Power	**63/79**	**6**	15.1	14.7	89.0	19.6	**7**	11.9	–7.5	**11**	8.6	–12.8	high
Wisconsin Public Svc	**62/●**	**7**	14.8	15.3	53.4	8.5	**8**	11.7	–2.1	**10**	9.2	–3.7	very high
Cleveland Electric	**● /●**	**8**	14.7	16.5	92.8	24.7	**20**	8.9	3.7	**7**	10.7	–1.7	very high
Allegheny Power	**● /●**	**9**	14.7	13.8	119.9	9.3	**9**	11.7	4.8	**8**	10.3	–6.3	very high
Wisconsin Electric	**76/●**	**10**	14.6	15.6	58.7	11.1	**13**	11.0	–1.6	**2**	13.9	0.2	very high
Ipalco Enterprises	**● /NA**	**11**	14.6	13.2	106.5	14.9	**24**	7.0	1.7	**18**	4.6	–11.5	low
Iowa Resources	**66/●**	**12**	14.0	10.9	164.1	7.6	**2**	13.3	–5.0	**19**	4.5	–21.0	average
Commonwealth Ed	**● /●**	**13**	13.7	15.8	92.1	19.2	**4**	12.3	2.6	**4**	12.8	6.6	very high
Public Service Ind	**● /●**	**14**	13.3	3.5	70.5	8.8	**21**	8.6	–0.5	**24**	–13.6	–54.1	very low
Toledo Edison	**● /●**	**15**	13.2	19.7	104.2	29.8	**22**	8.4	36.5	**12**	8.2	30.6	very high
Central Ill Pub Svc	**75/●**	**16**	13.2	11.4	78.0	10.0	**11**	11.0	0.7	**15**	5.2	–4.7	average
Dayton Power & Lt	**68/●**	**17**	13.1	12.8	90.3	11.6	**3**	12.4	–1.6	**16**	5.1	11.5	low
Ohio Edison	**● /●**	**18**	13.0	15.3	132.8	20.9	**14**	11.0	6.4	**13**	7.9	–5.1	high
CilCorp	**56/77**	**19**	13.0	11.9	85.3	8.0	**18**	9.0	–9.4	**14**	6.1	–8.2	high
Cincinnati G&E	**63/●**	**20**	12.7	14.2	99.8	10.8	**6**	12.0	–2.5	**21**	2.0	15.5	very low
Duquesne Light	**● /●**	**21**	11.9	13.5	114.9	19.3	**25**	5.9	2.0	**17**	5.1	–5.2	average
American Electric	**● /●**	**22**	11.6	12.3	147.3	9.7	**16**	9.8	–0.5	**22**	1.8	–12.3	low
Detroit Edison	**● /NA**	**23**	11.5	13.6	118.1	15.7	**23**	8.0	12.4	**20**	3.8	3.2	average
Consumers Power	**51/77**	**24**	10.0	1.8	109.9	2.4	**17**	9.5	0.0	**25**	–13.7	P–D	average
No Indiana Pub Svc	**49/85**	**25**	8.7	6.8	94.3	5.4	**10**	11.3	–7.2	**23**	–1.8	–42.2	very low
Medians			**13.7**	**14.2**	**92.8**	**10.8**		**11.0**	**–0.5**		**7.9**	**–5.1**	

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For further explanation, see page 56.

market? Mainly utilities with low-cost surpluses, such as Duke Power of Charlotte, N.C. Duke can offer highly competitive prices when its 1,145-megawatt Catawba 2 nuclear unit comes into operation later this year (the company started up an equally large unit last year).

Or Public Service of New Mexico, which will have up to 300 megawatts of cheap excess to sell from its share of the Palo Verde nuclear units. Others: The Southern Co. of Atlanta, American Electric Power Co. of Columbus.

All this may not affect utility earnings immediately, but, says Ernest Liu of Goldman, Sachs, "in the next two or three years, investors ought to be aware that the rules are changing." Clearly, this once cut-and-dried industry has to be looked at in a different way.

"Bondholders and credit-rating agencies still think of the quality of utility securities in terms of the ability to obtain traditional rate relief, when, in fact, the opposite is true," says regulator O'Connor. "Now the quality of a utility's security is enhanced by management's capacity to respond to competition."

How to do that? "Maintain flexibility," says William Berry, chairman of Richmond, Va.-based Dominion Resources. "Don't get involved in large construction programs that are hard to adjust. Position yourself to react quickly. Most important, be the low-cost producer."

That's ho-hum stuff to most any other industry, of course. But utility executives are just learning, some of them the hard way. Thomas Edison, meet Adam Smith. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Southeast													
TECO Energy	● /●	1	15.2%	14.5%	99.0%	11.2%	12	9.5%	19.8%	6	7.8%	-4.4%	average
Southern Company	● /●	2	14.3	17.3	143.1	12.3	3	14.0	11.1	1	12.9	3.6	high
Duke Power	● /●	3	14.3	13.7	76.7	15.6	6	12.9	9.1	10	6.4	-3.1	high
Potomac Electric	● /●	4	14.1	17.4	88.9	13.8	10	10.2	10.5	2	11.8	9.4	very high
Baltimore G&E	68/89	5	13.7	14.6	78.9	13.6	7	11.3	-0.6	3	10.4	-7.3	very high
Middle South Utils	● /NA	6	13.3	14.1	169.3	15.8	8	10.3	1.6	12	5.4	-7.9	high
Scana	66/86	7	13.2	14.6	114.9	10.0	1	15.6	3.7	5	8.0	-6.3	high
Carolina Power & Lt	● /●	8	12.9	15.1	92.5	17.2	2	15.0	4.7	13	4.7	8.5	average
FPL Group	● /●	9	12.7	16.3	124.3	9.3	4	14.0	9.3	11	5.7	34.8	very high
Louisville G&E	64/●	10	12.6	14.0	86.0	10.9	5	13.1	1.1	8	7.0	2.4	average
Florida Progress	● /●	11	12.5	17.3	141.8	10.2	11	9.9	13.0	7	7.8	26.3	average
Kentucky Utilities	● /●	12	11.2	12.6	71.8	12.5	9	10.2	1.9	4	9.0	-7.8	average
Dominion Resources	● /NA	13	11.0	12.6	122.8	11.8	13	8.4	2.4	9	6.6	1.4	very high
Medians			**13.2**	**14.6**	**99.0**	**12.3**		**11.3**	**4.7**		**7.8**	**1.4**	
Southwest													
Southwestern Pub Svc	● /●	1	19.3%	20.9%	89.8%	14.2%	3	16.2%	3.2%	2	12.3%	5.8%	very high
Texas Utilities	● /●	2	16.0	15.5	93.0	13.9	2	17.4	6.4	3	10.0	0.5	very high
Central & South West	● /●	3	15.6	16.4	104.2	13.6	4	14.6	-1.4	4	8.3	1.1	very high
AZP Group	● /●	4	14.2	14.7	76.7	22.4	7	9.6	17.7	6	3.7	0.9	average
Gulf States Utils	● /NA	5	14.1	14.2	106.7	15.0	5	12.3	18.5	5	4.7	-3.5	average
Oklahoma G&E	● /●	6	13.6	12.4	79.1	10.0	6	11.8	4.4	1	13.8	-10.9	high
Houston Industries	87/NA	7	13.1	17.2	105.0	10.8	1	18.2	-3.1	7	1.7	13.5	very low
Medians			**14.2**	**15.5**	**93.0**	**13.9**		**14.6**	**4.4**		**8.3**	**0.9**	
Western													
So Calif Edison	● /●	1	15.1%	16.3%	82.8%	14.9%	8	11.6%	8.5%	3	10.3%	2.5%	high
Portland Genl Electric	● /●	2	15.0	12.9	85.2	18.0	7	12.5	18.8	2	19.4	-29.2	high
PacifiCorp	53/7[illegible]	3	14.9	16.1	109.1	13.3	1	17.3	12.8	5	9.5	-4.5	high
San Diego G&E	82/89	4	14.7	15.9	81.2	11.2	2	17.0	8.6	1	19.5	-2.2	high
Pacific G&E	65/70	5	13.9	15.8	86.1	12.3	9	11.2	15.2	6	8.4	12.9	high
Montana Power	42/43	6	12.9	9.8	104.9	11.4	10	5.9	10.3	10	-2.3	3.1	very low
Public Service Colo	55/80	7	12.7	12.7	78.8	7.5	5	13.8	-0.3	4	9.5	-6.0	high
Utah Power & Light	● /●	8	12.0	10.5	89.1	12.1	6	13.0	11.0	8	1.0	-15.4	very low
Puget Sound P&L	● /●	9	11.8	13.2	98.4	17.9	3	16.6	9.4	9	-0.4	28.3	very low
Hawaiian Electric	● /●	10	10.3	11.6	117.6	5.7	4	14.1	-1.3	7	2.2	-4.9	very low
Medians			**13.4**	**13.1**	**87.6**	**12.2**		**13.4**	**9.9**		**9.0**	**-3.4**	
Industry medians			**13.7**	**14.6**	**92.8**	**12.1**		**11.7**	**2.0**		**7.8**	**-2.5**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

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NA: Not available For further explanation, see page 56.

FINANCIAL SERVICES

The market set records last year. How come brokers' earnings didn't do the same?

By Matthew Schifrin

IF YOU ASK our president if we're going public, he'll say, 'We're private, we like being private, and there's nothing that tells us we'd be happy as anything else,' " says a vice president of Smith Barney, Harris Upham & Co. True. (We called Smith Barney President George Vonder Linden, and that's exactly what he said.)

"When two vice presidents meet, though," the Smith Barney vice president goes on, "they ask, 'When are we selling out?' "

With Wall Street setting records and brokerage stocks up 35% since the beginning of the year, a lot of brokers are asking that question. In October 62-year-old Bear, Stearns went public, and others could follow this year.

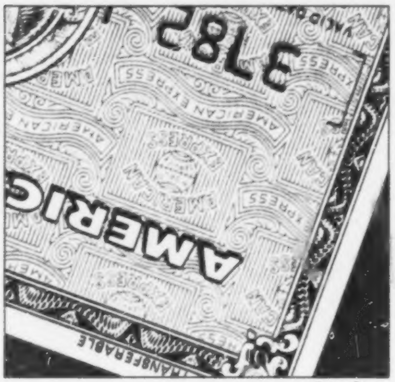
Smith Barney comes to mind partly because it is already

Financial services

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Finance companies													
Student Loan	●/●	1	38.2%	29.3%	1440.9%	9.4%	2	49.2%	8.7%	2	64.5%	29.6%	very high
Equifax	●/●	2	21.4	20.1	26.2	3.3	6	8.3	11.8	3	11.2	1.2	high
Southmark	61/67	3	19.3	19.6	115.8	16.3	1	103.2	15.1	1	151.6‡	28.8	very high
American Express	68/●	4	18.0	15.3	83.3	4.8	3	21.9	22.1	4	1.8	61.5	low
Gulf & Western Inds	40/61	5	9.3	12.6	49.7	14.0	8	–5.9	–59.9		NM	–7.3	NM
Control Data	25/58	6	8.7	def	301.8	def	7	8.3	1.8	5	–18.5	P–D	low
Cigna	38/PD	7	6.6††	3.1	7.0	1.1	5	9.3	14.9		NM	60.3	NM
Beneficial Corp	41/●	8	4.4	9.0	399.3	4.0	9	–7.7	–13.6		NM	–18.2	NM
Fedl Natl Mortgage	●/DD	9	def	def	4342.2	def	4	16.9	13.9		NM	D–D	NM
Medians			**9.3**	**12.6**	**115.8**	**4.0**		**9.3**	**11.8**		**–18.5**	**1.2**	
Brokerage houses													
Phibro-Salomon	11/68	1	27.5%	11.9%	27.1%	1.1%	6	10.8%	–8.2%	3	–5.9%	–39.1%	very low
First Boston	●/●	2	27.1	22.0	42.3	4.9	2	38.0	30.6	1	31.0	36.8	average
EF Hutton Group	72/DP	3	24.0	8.7	72.9	2.1	3	28.0	29.1	4	–7.0	49.3	very low
Merrill Lynch	85/59	4	18.0	9.0	104.0	2.9	4	23.6	14.0	2	–5.5	500.0 +	very low
Paine Webber Group	●/●	5	15.9	8.6	74.6	1.8	5	23.2	21.4	5	–7.2‡‡	120.8	very low
Bear Stearns Cos	●/●		NA	NA	0.0	5.6	1	58.0‡‡	NA		NA	NA	NA
Medians			**24.0**	**9.0**	**57.6**	**2.5**		**25.8**	**21.4**		**–5.9**	**49.3**	
Commodity traders													
Phibro-Salomon	88/31	1	27.5%	11.9%	27.1%	1.1%	1	10.8%	–8.2%	1	–5.9%	–39.1%	very low
Commercial Metals	70/29	2	11.6	7.3	27.1	0.9	4	–3.5	–13.0	2	–12.8	–5.3	high
Kay	73/35	3	8.9	16.0	178.6	0.8	3	–1.7	–21.8		NM	123.9	NM
Kaiser Aluminum	31/DP	4	2.4	def	104.4	def	2	–0.1	–30.0		NM	P–D	NM
Medians			**10.3**	**9.6**	**65.8**	**0.9**		**–0.9**	**–17.4**		**–12.8**	**–22.2**	
Industry medians			**17.0**	**10.5**	**74.6**	**2.1**		**10.8**	**10.3**		**–7.1**	**15.0**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth ††Three-year average ‡‡Three-year growth For further explanation, see page 56



Steven Brown

set up as a closely held corporation owned by its executives. L.F. Rothschild is expected to go public within the year. Other rumored possibilities include Kidder, Peabody and Morgan Stanley (which vehemently denies the possibility).

Why now? Despite a classic bull market, the brokers' retail margins were squeezed, and the big fees these days are in the capital markets, not equity. To play the capital market game you need capital.

But how come margins were squeezed when the Dow broke 1550, the S&P's 500 was up 27% and a record $1 trillion worth of shares changed hands on the exchanges and Nasdaq?

Costs, for one thing. Brokers are still stuck with fancy high-tech offices and fat salary raises they put in during the heady days of 1982-83. Between 1980 and 1983 their total expenses nearly doubled. So, though revenues since 1983 were up 25% to last year's record $36 billion, earnings did not keep pace.

Take a look at the tables. Net profit median for brokerage houses was a paltry 2.5%. Earnings growth over the last five years: minus 5.9%.

Wire houses like PaineWebber, E.F. Hutton and Merrill Lynch were squeezed the worst despite drastic cost-cutting. After Merrill Lynch fired nearly 3,000 "support" staffers—in such departments as marketing and advertising services—it then hired a cost-cutting chief financial officer from General Motors, Courtney Jones, and is moving to lower-rent New Jersey headquarters. PaineWebber replaced 500 brokers with 360 other account executives and shut or merged 18 branch offices.

On the commission side, retail equity sales, once brokers' bread and butter, are on the rocks. Individual investors aren't coming back, or at least not enough of them are. Last year, for the first time, more than half of total trades involved 10,000 shares or more. That means institutions, where the commission dollar per trade is much lower.

So why does NYSE President John Phelan boast of the record 47 million Americans who own stock? They do, but all the growth in individual ownership has been in mutual funds over the past two years. And 80% was in fixed-income funds, not equity funds. Mutual funds are no help on the commission side, either—when they trade, they pay institutional rates.

So the brokers are turning to fixed-income underwriting and trading, mergers and acquisitions. As interest rates fall, the capital markets are the place to be.

Corporate debt and equity underwriting should be $120 billion this year, up from $82 billion in 1984. And in the wild and woolly municipal market, the threat of tax reform has prompted municipalities and states to rush new issues to market—a record $160 billion last year, more than half again 1984's volume, itself a record.

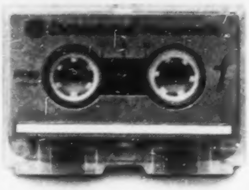
That's why the leaders in return on equity, Phibro-Salomon and First Boston, are also big in the capital markets. (Phibro's 39.1% decrease in earnings per share reflects a writeoff in 1984's fourth quarter, encompassed in its most recent 12-month figure.) Together, they did over $78.5 billion in global corporate underwriting last year. And that's why there may be another name or two on our list of brokerage houses next year.

The opposite is true with financial companies: The list is getting smaller. In 1983 there were 15; this year there are 9, and of the original 15, only 5 remain.

"I don't think finance companies can survive over the next five years without being part of a major bank or corporation," says Albert Gamper, who runs CIT Financial (one of the 15) for Manufacturers Hanover.

Maybe, but for those remaining, lower interest rates and consumer loan demand should have added up to a good year. Two big players pulled the medians down: Mortgage lender Fannie Mae lost $57 million in 1984 and suffered this year from more loan losses and a small exposure to troubled EPIC. Diversified Beneficial took some losses in its property and casualty insurance subsidiary and a $5 million to $10 million writedown in its divestment of Western Auto Supply. Newcomer Southmark generated that 103% five-year sales growth thanks to profitable property sales and syndications in the Sunbelt. ■

Smallest wonder



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FOOD PROCESSORS

David R. Frazier

Thanks to Philip Morris and R.J. Reynolds, these stocks cleaned up last year. So be wary of them this year.

By Leslie Pittel

IF YOU OWNED SHARES in a branded foods company last year, chances are you're smiling now. How about this year? Beware.

Takeover fever is driving these stocks now, and analysts like Ronald Strauss of Chicago-based William Blair & Co. are leery. "There is a lot of fluff in many of those prices," he says.

Don't look for too many more deals like R.J. Reynolds'

Food processors

Yardsticks of management performance

		Profitability					**Growth**							
		Return on equity					Sales			Earnings per share				
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability	
Food commodities														
Savannah Foods	●/●	1	35.1%	16.6%	35.9%	2.6%	3	9.5%	7.3%	1	20.1%	-12.1%	low	
Pioneer Hi-Bred Intl	●/●	2	22.8	26.0	4.5	12.5	2	14.5	14.7	4	6.2	47.9	low	
Zapata	25/25	3	17.0	0.5	121.9	0.9	11	-5.7	-9.1	6	2.8	-91.6	very low	
Ralston Purina	44/18	4	16.8	27.3	24.3	4.4	9	0.9	17.8	2	14.6	17.5	average	
CPC International	37/21	5	16.7	11.0	29.4	3.5	8	2.0	-1.9	8	-2.3	5.7	very low	
Archer-Daniels	●/●	6	14.9	10.6	31.6	3.7	1	15.6	5.1	7	2.7	60.2	very low	
Intl Multifoods	56/65	7	14.5	12.3	40.9	2.2	7	2.4	14.2	5	3.4	15.3	very low	
Staley Continental	85/NA	8	14.3	0.8	30.9	0.2	5	5.3	26.5	11	-19.9	-84.9	very low	
Federal Co	87/●	9	12.6	15.6	15.4	2.9	4	7.6	-5.9	3	11.5	-16.2	low	
Anderson, Clayton	36/49	10	8.9	2.5	3.3	0.8	10	-1.8	6.8	9	-8.3	-45.3	low	
DeKalb AgResearch	74/41	11	8.8	5.3	35.5	3.5	6	5.1	-12.9	10	-14.3	-31.7	average	
Medians			**14.9**	**11.0**	**30.9**	**2.9**		**5.1**	**6.8**		**2.8**	**-12.1**		

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four-year average ‡Four-year growth ‡‡Three year growth For further explanation, see page 56.

$5 billion acquisition of Nabisco, the $6 billion Philip Morris/General Foods deal or Beatrice Cos.' $6 billion leveraged buyout. This doesn't mean that there won't be further consolidation in this low-growth industry. It just means that more multibillion-dollar takeovers are unlikely. "The prices are now just too high," says John Bryan Jr., chairman of $8 billion Sara Lee Corp.

So the consolidation will be on a smaller scale. But in an industry growing at 2% annually at best, one of the few ways to get much bigger is through acquisition. And the best way is to stay inside the food business.

Take Dean Foods, second in profitability in branded foods behind longtime leader Kellogg. Over half of Dean's growth to $1 billion-plus in sales this year has come from acquisitions, mostly in food.

Food processors who bought toy companies and the like

Food processors

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Meatpacking													
Swift Independent	●/●	1	23.7%†	def	67.8%	def	6	7.1%	6.7%	4	−8.4%‡	P–D	very low
Occidental Petroleum	41/NA	2	20.1	12.7%	89.3	4.1%	4	11.9	−9.9	7	−31.2	−17.6%	average
Monfort of Colorado	●/●	3	17.6	18.2	15.8	1.0	2	19.0	1.7	2	22.4‡‡	−4.9	high
Tyson Foods	84/NA	4	14.9	40.7	103.6	3.1	3	14.7	51.4	1	40.0	89.3	average
Smithfield Foods	●/●	5	13.7	15.8	201.5	0.7	1	31.2	44.5	6	−16.6	177.6	average
Idle Wild Foods	86/2	6	13.3	12.7	25.7	0.9	7	5.5	18.2	5	−8.6	79.7	low
George A Hormel	●/●	7	13.0	11.4	20.0	2.2	8	1.0	2.4	3	−1.8	−6.7	low
Thorn Apple Valley	●/DD	8	11.3	def	106.0	def	5	8.9	−2.0		NM	P–D	NM
United Brands	55/32	9	0.4	10.4	55.0	1.1	10	−4.1	−3.0		NM	77.3	NM
Wilson Foods	●/DD	10	def	def	128.3	def	9	−3.3	−18.6		NM	D–D	NM
Medians			**13.5**	**12.1**	**78.6**	**1.0**		**8.0**	**2.1**		**−12.6**	**−5.8**	
Branded foods													
Kellogg	●/●	1	27.5%	54.9%	74.7%	9.5%	18	6.0%	12.8%	14	9.5%	34.0%	very high
Dean Foods	●/●	2	24.1	23.6	27.6	3.0	4	12.0	13.7	2	21.2	20.7	very high
RJ Reynolds Inds	42/22	3	24.0	24.6	25.3	10.3	5	11.8	6.8	8	12.8	48.3	high
ConAgra	64/69	4	21.9	20.9	54.4	1.7	1	38.6	39.3	13	10.2	53.6	high
HJ Heinz	●/●	5	20.3	23.2	22.2	6.8	10	9.3	1.0	3	15.4	10.9	average
Hershey Foods	77/82	6	19.7	16.8	18.9	5.6	8	9.7	7.9	7	12.9	6.6	very high
General Mills	64/74	7	19.5	def	43.9	def	12	8.8	−22.7	11	11.9	P–D	very high
Flowers Industries	●/●	8	19.2	19.4	74.7	4.2	3	14.1	3.6	5	14.7	17.7	very high
McCormick	●/●	9	18.6	11.1	39.6	3.2	7	11.2	10.5	1	22.9	−55.4	high
Curtice-Burns	●/●	10	18.5	15.8	182.7	1.5	2	14.6	−0.4	4	14.8	−10.5	very high
Sara Lee	31/31	11	18.4	19.9	43.5	2.6	15	7.9	12.0	9	12.4	11.1	very high
Pillsbury	51/50	12	17.1	17.6	55.6	4.0	6	11.7	14.3	14	9.9	12.2	very high
PepsiCo	35/49	13	16.8	29.2	37.0	6.9	11	8.9	−6.1	24	−3.0	171.7	very low
Ralston Purina	37/62	14	16.8	27.3	24.3	4.4	24	0.9	17.8	6	14.6	17.5	average
CPC International	58/76	15	16.7	11.0	29.4	3.5	22	2.0	−1.9	23	−2.3	5.7	very low
Gerber Products	45/NA	16	16.5	15.1	21.5	5.5	13	8.7	7.7	10	12.3	1.6	very high
Quaker Oats	82/82	17	15.9	20.9	20.4	4.5	13	8.7	1.5	22	2.6	16.4	very low
Beatrice	74/64	18	15.8	19.7	109.8	3.4	17	6.8	26.0	20	4.3	4.4	very low
Universal Foods	54/NA	19	15.6	14.5	39.3	3.5	16	7.7	14.6	17	8.2	46.8	low
Campbell Soup	●/●	20	15.2	15.7	21.5	5.0	9	9.7	9.1	16	8.4	3.2	high
Dart & Kraft	70/63	21	14.9	17.1	20.1	4.6	23	1.7	−0.8	19	5.6	8.4	average
Wm Wrigley Jr	●/●	22	14.9	18.5	0.0	6.9	20	2.5	2.9	18	5.9	8.5	average
Intl Multifoods	25/26	23	14.5	12.3	40.9	2.2	21	2.4	14.2	21	3.4	15.3	very low
Borden	68/58	24	13.4	13.9	31.0	4.1	27	0.0	0.5	11	10.6	5.2	very high
Anderson, Clayton	55/39	25	8.9	2.5	3.3	0.8	29	−1.8	6.8	27	−8.3	−45.3	low
IC Industries	27/24	26	8.6	7.9	92.2	2.8	25	0.6	12.9	25	−3.9	−33.8	very low
American Maize	78/●	27	8.4	1.0	81.3	0.2	26	0.1	13.1	26	−5.9	−89.0	very low
United Brands	38/47	28	0.4	10.4	55.0	1.1	30	−4.1	−3.0		NM	77.3	NM
American Bakeries	●/●	29	def	12.2	24.9	1.2	28	−1.5	−6.4		NM	26.1	NM
Interstate Bakeries	●/●	30	def	7.2	40.5	0.7	19	3.1	2.1		NM	D–P	NM
Winn Enterprises	●/71		NA	def	453.7	0.0		NA	38.3		NA	P–D	NA
Medians			**16.6**	**15.8**	**39.3**	**3.5**		**7.8**	**7.7**		**9.0**	**9.7**	
Industry medians			**15.8**	**14.2**	**36.5**	**3.0**		**7.1**	**6.8**		**4.3**	**6.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.2**	**4.3**		**0.3**	**−6.0**	

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> ***A big imponderable for those on the list is the fate of those no longer there. Will General Foods and Nabisco be tougher competitors now that they are owned by tobacco companies with deep pockets? DLJ analyst William Leach isn't so sure. "When the players get bigger, they get less concerned with cost control," he says. "Look at the brokerage industry. First you have all these mergers, like Sears and Dean Witter. The next thing you know, earnings are down."***

haven't done nearly as well. In fact, most of the top 15 profitability performers on the branded foods list did better in foods than out. Bryan's Sara Lee, which has Hanes hosiery and Coach Leatherware, is one of the few companies to be successful with outside acquisitions, mainly because it has always been able to keep top management aboard.

Branded foods companies have benefited for two straight years from falling commodities prices—corn was down 9% last year; soybeans, 17%; and wheat, 15%. This year prices will probably be stable. Poultry consumption is expected to equal beef consumption for the first time, according to USDA estimates, benefiting chicken producers like Federal Co. but bringing more bad news for those companies in the depressed meatpacking industry.

Many companies in all three industry subgroups would benefit from the weakening dollar. Take CPC International, which often gets more than half its earnings from abroad. Others likely to benefit include Dart & Kraft and H.J. Heinz.

Tax reform could also be a big plus. Because many of these companies can't take advantage of investment tax credits, they are now highly taxed. Lowering the corporate rate, says Bryan, could mean "at least a 10% increase in earnings."

A big imponderable for those on the list is the fate of those no longer there. Will General Foods and Nabisco be tougher competitors now that they are owned by tobacco companies with deep pockets? Donaldson, Lufkin & Jenrette analyst William Leach isn't so sure. "When the players get bigger, they get less concerned with cost control," he says. "Just look at the brokerage industry. First you have all these large mergers, like Sears, Roebuck and Dean Witter Reynolds. The next thing you know earnings are down."

Food processors have always been considered good defensive stocks if you're worried about the economy. People always have to eat, and these companies always had solid balance sheets. Their debt-to-equity ratios were usually below those of U.S. industry as a whole.

But take note: Largely because of acquisitions and antitakeover share repurchases last year, debt for these companies now equals 36.5% of equity, or about the same as the all-industry median. ■

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FOOD DISTRIBUTORS

In the supermarket business, the bigger you are the more money you make—up to a point.

By Laura Jereski

WITH THE GROCERY BUSINESS a low-growth industry in a population-stable society, it's ever more of a struggle to keep those traditionally thin margins from disappearing altogether.

Last year the regional supermarket chains did a better job of it than the big chains.

In fact, the regionals increased their median return on equity from 10.5% in 1984 to 13% last year, and their net profit margins from 0.7% to 0.9%.

By contrast, major supermarket chains failed to equal their five-year averages in return on equity for the second year in a row or to improve the 1984 net margins of 1.3%.

Why? The grocery business works best on a regional scale, says Stephen Mandel, supermarket analyst with Goldman, Sachs: "Historically, it has been very difficult for chains to keep their momentum going beyond $8 billion in sales."

Smaller chains not only keep better tabs on the local marketplace but also tend to be better at store construction and at using technology.

Washington, D.C.-based Giant Food, for example, was the first chain to install automatic checkout scanning in all of its stores. Food Lion of Salisbury, N.C. and Bruno's of Birmingham, Ala. have been adept at the technique called "forward buying"—stocking up on millions of dollars' worth of long-shelf-life inventory, such as coffee or paper products to keep costs down.

There's also the burden of the big supermarkets' push into superstores. That's changing the geography and the competition as well.

Food distributors

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Wholesale and supply													
Super Valu Stores	●/82	1	26.6%	19.6%	49.0%	1.3%	8	13.1%	12.4%	5	15.9%	–11.4%	very high
Allegheny Beverage	67/52	2	23.3	114.9	416.1	8.7	1	36.2	61.2		NM	500.0+	NM
Marriott	31/27	3	22.2	22.4	165.1	4.0	4	19.3	15.7	3	19.8	24.4	very high
Saga	88/●	5	19.8	14.4	54.9	2.0	10	11.1	11.0	1	60.9	–20.7	very high
Sysco	●/●	4	19.8	16.5	52.1	1.9	5	18.2	13.3	4	18.9	9.5	very high
Fleming Cos	●/●	6	18.6	16.2	59.8	0.9	6	17.6	28.8	7	14.8	9.5	very high
Transworld	62/53	7	16.2††	17.6	27.9	5.6	12	7.3	1.7	6	15.5	7.0	average
Nash Finch	57/67	8	13.9	12.0	42.6	0.9	13	6.5	8.7	10	5.8	1.3	high

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-P: Deficit to profit P-D: Profit to deficit Z-P: Zero profit to profit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful †Four-year average ‡Four-year growth ††Three-year average ‡‡Three-year growth For further explanation, see page 56

Image Bank

This year a good chunk of the $150 million to $300 million each of the majors will spend on capital investment will go toward these big stores—35,000 square feet and over—often with such high-margin nonfood departments as florists or pharmacies. "It now costs nearly $5 million, on average, to open a retail grocery store," says Jack Twyman, chief executive of Super Food Services, the Dayton, Ohio-based wholesaler. "Ten years ago an average store cost $500,000."

As they push into the Sunbelt with these big stores, the major chains are closing down older, smaller stores. Cincinnati-based Kroger closed 130 stores over the past year—18 in northeast Ohio alone—while it was opening big combination food-and-nonfood stores in cities like Dallas, Houston and Atlanta.

Kroger's 470 combination stores, 36% of the company's total, accounted for 40% of its more than $16 billion in 1985 sales. By 1987 combo stores will represent 45% of Kroger's outlets and at least 60% of sales.

How does this change competition? Traditionally, wholesalers like Super Food supplied independent grocers while the grocery chains supplied themselves. Now the cost of the larger outlets is channeling more of the chains' new investment to the retail level rather than toward keeping wholesale distribution in step.

Wholesalers fill the gap by increasing their sales to chains. Ed Walzer, editor of *Progressive Grocer*, estimates that 25% of chain stores are now served by wholesalers. "Each side is going back to what they do best," he says. "The wholesalers are distributing, and the retailers are minding the store."

This may change once the big capital investment levels

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Wetterau	●/82	9	13.2%	17.2%	94.2%	0.9%	2	20.3%	11.2%	9	10.5%	23.9%	very low
Super Food Services	●/●	10	13.2	16.8	68.0	0.7	11	7.8	8.3	2	21.4	25.2	high
Rykoff-Sexton	78/NA	11	13.0	14.8	86.2	1.4	9	12.7	26.5	8	11.4	17.2	average
Farm House Foods	●/●	12	12.8	9.8	183.2	0.4	7	14.3	-44.9	12	-2.8	50.0	very low
Carson Pirie Scott	37/48	13	10.8	13.4	104.2	2.0	3	19.6	23.2	11	4.2	132.5	very low
Pacific Gamble	64/●	14	6.7	2.3	68.2	0.2	14	3.8	-10.9	13	-22.6	1.6	very high
DiGiorgio	64/40	15	5.0	0.9	106.1	0.2	15	1.4	-9.5		NM	-73.1	NM
Allied Supermarkets	35/NA	16	NE	1.6	10.6	0.4	16	-1.3	-30.5		NM	Z-P	NM
Medians			**13.6**	**15.5**	**68.1**	**1.1**		**12.9**	**11.1**		**11.0**	**9.5**	

●90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit Z-P: Zero profit to profit NA: Not available NE: Negative equity NM: Not meaningful †Four-year average ‡Four-year growth ††Three-year average ‡‡Three-year growth For further explanation, see page 56

Food distributors

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Major supermarkets													
American Stores	NA/NA	1	26.8%	26.4%	128.9%	1.4%	1	20.5%	62.0%	1	33.7%	42.0%	high
Albertson's	●/●	2	21.9	17.8	42.7	1.7	3	12.2	8.7	4	15.0	5.2	very high
Supermarkets Genl	87/77	3	21.1	21.7	90.6	1.3	4	12.1	36.4	3	16.3	50.2	very high
Winn-Dixie Stores	●/●	4	20.0	17.1	14.7	1.4	7	8.5	7.0	5	8.1	-8.1	very high
Stop & Shop Cos	51/25	5	19.2	12.8	52.8	1.3	5	11.2	12.8	2	33.6	-26.9	very high
Lucky Stores	67/69	6	19.2	17.5	61.3	1.1	6	9.5	6.5	8	-0.3	12.8	very low
Kroger	●/●	7	15.6	15.8	67.8	1.1	2	12.3	5.8	7	0.0	27.5	very low
Safeway Stores	●/●	8	13.0	16.4	94.8	1.2	8	7.3	2.6	6	5.9	28.8	average
Great A&P Tea	●/●	9	def	10.0	41.7	0.9	9	-5.1	12.1		NM	52.5	NM
Medians			**19.2**	**17.1**	**61.3**	**1.3**		**11.2**	**8.7**		**8.1**	**27.5**	
Regional supermarkets													
Big Bear	78/80	1	38.5%	29.4%	83.1%	1.8%	5	11.0%	10.8%	3	24.8%	51.9%	very high
Bruno's	●/●	2	35.1*	23.0	9.9	2.8	3	15.5	22.8	1	27.9	28.6	very high
Food Lion	●/●	3	30.4	27.3	31.4	2.6	1	29.2	27.4	4	21.6	29.2	very high
Delchamps	●/●	4	21.8*	15.2	54.8	1.5	2	22.2	8.5	7	16.5	2.2	very high
Giant Food	●/●	5	21.0	22.3	51.0	2.3	4	11.0	7.7	2	25.0	17.9	high
Weis Markets	●/●	6	20.4	18.2	0.0	5.9	10	9.4	4.3	8	13.9	7.9	very high
Hannaford Bros	●/●	7	20.1	18.9	94.3	1.7	6	10.3	17.2	5	18.9	25.2	very high
Cullum Cos	●/●	8	20.0	17.7	46.1	1.6	9	9.4	-12.8	12	5.4	24.6	average
Big V Supermarkets	●/●	9	18.3	13.3	66.9	0.9	13	8.8	6.6	18	-11.5	128.6	very low
Ruddick	80/46	10	15.0	12.4	41.1	1.4	8	9.4	20.8	10	11.4	-12.8	very high
Waldbaum	●/●	11	14.9	13.0	76.4	0.9	14	8.8	4.3	9	12.1	27.8	average
Nash Finch	42/32	12	13.9	12.0	42.6	0.9	20	6.5	8.7	11	5.8	1.3	high
Marsh Supermarkets	●/●	13	13.3	11.5	104.6	0.9	19	7.1	5.5	16	-10.7	139.3	very low
Seaway Food Town	●/●	14	12.3	11.3	98.4	0.8	16	8.0	-7.5	19	-16.4	158.4	high
Household Intl	29/10	15	12.0	13.6	236.0	2.6	11	9.1	5.3	13	4.7	-4.6	low
Arden Group	87/68	16	11.9	16.8	77.4	1.6	25	-1.7	-5.1	6	17.8	117.5	average
Penn Traffic	●/85	17	10.4	8.8	63.2	0.9	17	7.7	-2.7	15	-5.2	-5.7	very low
Godfrey	●/●	18	9.1	11.9	76.8	0.6	18	7.5	9.1	17	-10.8	64.4	average
Pueblo International	85/81	19	8.1	6.9	84.0	0.6	15	8.7	3.0	14	-0.9	-28.1	very low
Fisher Foods	●/DD	20	7.5	0.4	46.0	0.1	27	-22.7	-6.4		NM	D-P	NM
Pacific Gamble	32/12	21	6.7	2.3	68.2	0.2	21	3.8	-10.9	20	-22.6	1.6	very high
Shopwell	●/●	22	6.2	def	124.4	def	7	10.0	8.3		NM	P-D	NM
Foodarama Supermkts	●/●	23	1.1	14.2	44.8	0.7	23	1.8	2.6	21	-44.8‡‡	D-P	average
Berman's	●/DD	24	def	7.5	113.2	0.2	22	1.9	1.1		NM	D-P	NM
Allied Supermarkets	65/NA	25	NE	1.6	10.6	0.4	24	1.3	-30.5		NM	Z-P	NM
Pantry Pride	●/29	26	NE	def	33.1	def	26	11.0	-53.2		NM	P-D	NM
Stater Bros	●/●		NA	74.7	1110.7	0.3	12	9.0†	NA		NA	NA	NA
Medians			**12.8**	**13.0**	**66.9**	**0.9**		**8.8**	**4.8**		**1.9**	**17.9**	
Convenience stores													
Natl Convenience	●/●	1	27.0%	12.0%	250.9%	1.1%	2	18.6%	11.3%	2	16.7%	-34.6%	very high
Circle K	●/●	2	17.9	23.8	156.1	2.1	3	16.7	46.5		NM	26.5	NM
Southland	55/85	3	16.3	16.5	71.6	1.6	1	24.1	4.3	3	11.9	25.0	very high
Munford	84/78	4	13.6	10.7	39.8	1.4	4	7.8	9.8	1	44.8	-20.1	high
Medians			**17.1**	**14.3**	**113.9**	**1.5**		**17.7**	**10.6**		**14.3**	**2.5**	
Restaurant chains													
Wendy's Intl	●/●	1	24.2%	20.5%	28.8%	7.0%	1	27.9%	20.5%	1	17.9%	13.3%	very high
McDonald's	●/●	2	22.6	22.0	63.1	11.7	3	11.8	9.6	2	16.1	13.2	very high
Church's Fried	●/●	3	22.2	16.5	4.0	7.7	7	8.1	11.6	7	0.5	27.5	very low
General Mills	26/25	4	19.5	def	43.9	def	6	8.8	22.7	3	11.9	P-D	very high
Jerrico	●/●	5	17.3	12.1	33.9	4.4	2	12.4	5.0	4	10.5	10.6	average
Pillsbury	43/52	6	17.1	17.6	55.6	4.0	4	11.7	14.3	5	9.9	12.2	very high
Ponderosa	●/●	7	9.9	0.7	27.5	0.3	5	9.0	1.8	6	0.9	-93.8	very low
Medians			**19.5**	**16.5**	**33.9**	**4.4**		**11.7**	**9.6**		**10.5**	**12.2**	
Industry medians			**15.9**	**14.8**	**63.1**	**1.3**		**9.4**	**8.3**		**9.0**	**13.2**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

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off. Wholesalers currently supply 55% of Albertson's supermarkets, for example, but Albertson's treasurer David Connolly says as the chain grows it will continue to do more of its own distribution.

With costs rising faster than prices in food retailing, technology is one way for stores to protect themselves. Automatic checkout scanners are now in about 40% of the nation's supermarkets, up from 16% in 1981. Many have been in place for several years, so the industry has already seen a good deal of the "hard savings"—cutting down on the labor costs of price-marking every item. The "soft savings" in productivity, though harder to measure and later to show up, may be much bigger: Industry estimates of savings range from 1% to 2% of sales, about the same as current net margins in this business.

That doesn't mean net margins will double. The fierce competition in this business will use up most of the savings so as to hold the line on prices. The same is true of forward buying.

Instead, earnings are more likely to be enhanced by labor savings. The day of outright union givebacks, which benefited both Kroger and Great Atlantic & Pacific in 1984, may be over, but the supermarket chains are still hanging tough.

Albertson's last contract with the Southern California Retail Clerks, for example, was for a wage increase of about 4% a year, a welcome relief. "We'd had 10% increases for years," says Connolly.

Restaurant chains are facing a labor problem of their own: a long-term shortage as the teenage population, the prime source of low-wage, part-time labor, continues to shrink. Some chains are already feeling the pressure of higher labor costs as they hire senior citizens and mothers return to the work force.

The strong players stand to get even stronger over the next few years, since a shakeout in the restaurant industry seems certain. Why? Between 1980 and 1985 the number of chain restaurant outlets grew 31.4%, from 59,900 to 78,700. Almost 7,000 new restaurants were opened last year alone. "Everybody with two sites went public," says Michael Culp, restaurant analyst with Prudential-Bache.

A lot of those newcomers may be paying the price, but that only makes the established chains more attractive. There hasn't been a major acquisition or merger in this industry for several years, and the time seems nigh. ■

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HEALTH

"This may hurt a little," said the government, slamming the lid on Medicare costs. Two years later the hospital companies are reeling. It's going to get worse before it gets better.

Steven Brown

By Ralph King Jr.

IN HEALTH CARE THESE DAYS, it's like recovering from shock only to start feeling the pain.

In October, after 16 years of double-digit growth, Hospital Corp. of America, the nation's largest hospital manager, revealed that its earnings would be flat in 1986.

American Medical International, National Medical Enterprises and Humana are suffering, too. And analysts such as Sanford C. Bernstein & Co.'s Kenneth Abramowitz says their earnings could fall 25% to 35% by 1988.

What happened to these onetime stars? In 1983 the government slapped fixed fees on Medicare reimbursement. Now that change has caught up with the hospital companies.

For a while they kept their heads above water by sending patients home a few days earlier, cutting labor costs and delaying big capital equipment purchases. But now most of the fat is worked off.

In the meantime, the hospital companies were losing patients as lower-cost alternatives, such as health maintenance organizations, took patients away from traditional insurers like Blue Cross. By year-end HMOs had over 21 million members, up from 16.7 million in 1984, but still only 9% of the population. Now publicly traded HMOs like Maxicare and U.S. Health Care Systems are the darlings of Wall Street, just as hospital companies used to be.

It's survival the hospital chains are thinking about now. There are several options, all risky.

Most are trying to transform themselves into integrated health care providers—from outpatient, home care and long-term care of the elderly to mental health and drug abuse therapy. And vertical integration was the logic behind the ill-fated HCA-American Hospital Supply merger, which fell apart when Wall Street shrugged, HCA blinked and Baxter Travenol made a better offer.

Louisville-based Humana began preparing several years ago, so it is farthest along the road to integration. Humana wants a nationwide system in which patients can buy Humana health insurance, go to Humana primary-care clinics, then, if necessary, to Humana hospitals. "For once we're seeing a real differentiation between management companies. Humana is the well-positioned, low-cost producer," says Seth Shaw of Shearson Lehman Brothers.

Health

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Drugs													
American Home Prods	67/77	1	34.2%	33.8%	1.9%	15.3%	12	6.6%	–7.6%	8	12.1%	6.9%	very high
SmithKline Beckman	71/●	2	31.7	24.6	4.2	16.1	3	17.8	7.8	9	9.3	4.2	very high
Bindley Western Inds	●/●	3	28.2	14.5	1.4	0.8	4	17.4	14.9	2	23.7	23.4	very high
Abbott Laboratories	54/68	4	25.6	27.9	29.3	13.7	6	12.9	6.6	5	17.7	16.3	very high
Bristol-Myers	37/41	5	23.3	24.2	4.8	11.9	8	8.3	5.1	7	14.3	12.5	very high
Eli Lilly	64/NA	6	22.1	23.3	5.2	15.8	11	6.7	4.8	10	8.9	8.6	very high
Merck	81/●	7	21.6	20.5	7.0	14.7	9	7.6	2.8	12	5.1	10.9	high
Rorer Group	60/68	8	20.8	18.4	19.7	7.9	5	14.4	7.2	14	3.7	–1.9	high
Bergen Brunswig	77/77	9	19.2	17.2	92.1	1.0	2	26.1	43.0	4	17.8	31.7	very high
Pfizer	49/NA	10	18.9	21.9	13.6	14.5	10	7.0	1.9	6	15.0	12.3	high

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful For further explanation, see page 56

But even Humana faces tough going. It has lost $31 million in the clinic and insurance businesses. And any hospital company in insurance first has to reconcile a potential conflict of interest, notes consultant Jeff Goldsmith: Its insurance unit wants to keep people out of the hospital, while its hospitals dearly need beds filled.

The same can be true of HMOs and hospitals owned by the same company. When National Medical started expanding its 1984-acquired Av-Med HMO in Florida, for example, it found itself taking patients away from doctors associated with its own hospitals. It has since backed out of markets where it has hospitals.

As always, when an industry hurts, its suppliers hurt more. Take those two former highfliers—now merging—Baxter Travenol (12-month earnings per share off 83%) and American Hospital Supply (off 6%). The new entity, with $5.5 billion revenues, will put plenty of pressure on competitors, probably leading to more consolidation. Still, $5.5 billion represents only slightly more than 1% of the nation's annual health care bill.

But some suppliers are so discouraged they're getting out: Warner-Lambert, for example, which took a $550 million charge and dumped Imed, maker of intravenous pumps; Deseret Medical, a producer of catheters; and lab equipment maker Reichert. Abbott Laboratories, on the other hand, leads the hospital and clinical lab markets with its highly automated, inexpensive diagnostic tests.

The drug companies fared better. One reason was that the weakening dollar helped sales overseas. Now they can bring those profits home, which will probably boost their earnings by a sparkling 13% to 15% in 1986. "With a little help from the Food & Drug Administration in approvals of new drugs, 1986 could be the best year in two decades," says Arnold Snider of Kidder, Peabody. ■

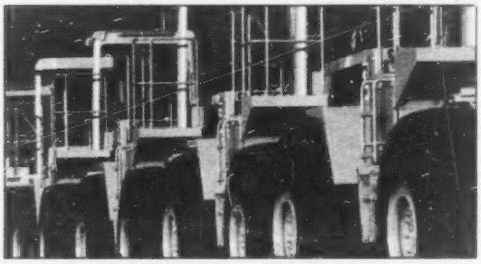
Health

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Upjohn	**66/●**	**11**	17.9%	16.4%	33.7%	9.2%	**13**	6.4%	-6.5%	**17**	0.0%	6.9%	very low
Sterling Drug	**55/NA**	**12**	16.2	16.0	8.6	8.2	**17**	3.9	-3.0	**13**	4.5	5.6	very high
Schering-Plough	**56/62**	**13**	16.0	14.2	9.6	9.9	**15**	4.3	1.4	**18**	-4.0	6.4	average
Bausch & Lomb	**82/85**	**14**	14.8	19.8	23.4	11.2	**19**	0.5	-12.1	**16**	0.6	38.0	very low
McKesson	**59/43**	**15**	14.0	12.5	33.4	1.3	**16**	4.2	20.5	**19**	-4.9	0.5	average
Squibb	**57/71**	**16**	14.0	16.2	15.1	11.0	**14**	4.6	7.3	**11**	7.4	12.9	average
Warner-Lambert	**44/47**	**17**	12.6	16.7	35.6	7.4	**20**	-1.3	2.2	**3**	18.7	9.8	low
American Cyanamid	**27/44**	**18**	11.7	10.2	31.5	4.7	**18**	2.8	-4.8	**15**	2.3	-22.7	very low
AH Robins	**86/89**	**19**	def	def	NE	def	**7**	10.0	12.3		NM	P-D	NM
FoxMeyer	**●/●**		NA	9.5	104.8	1.1	**1**	43.4	63.5	**1**	25.9	13.0	very high
Medians			**18.9**	**17.0**	**14.4**	**9.6**		**6.9**	**5.0**		**8.2**	**9.2**	
Health care													
SmithKline Beckman	**28/ 6**	**1**	31.7%	24.6%	4.2%	16.1%	**1**	17.8%	7.8%	**6**	9.3%	4.2%	very high
Abbott Laboratories	**45/31**	**2**	25.6	27.9	29.3	13.7	**3**	12.9	6.6	**2**	17.7	16.3	very high
Bristol-Myers	**27/28**	**3**	23.3	24.2	4.8	11.9	**8**	8.3	5.1	**3**	14.3	12.5	very high
Rorer Group	**39/31**	**4**	20.8	18.4	19.7	7.9	**2**	14.4	7.2	**8**	3.7	-1.9	high
Johnson & Johnson	**32/12**	**5**	19.2	20.3	7.7	9.4	**9**	7.6	4.5	**7**	7.1	30.0	high
Hillenbrand Inds	**30/43**	**6**	18.8	15.2	28.1	7.2	**6**	10.1	6.2	**5**	9.6	-3.2	very high
Whittaker	**50/73**	**7**	17.5	8.4	40.2	2.4	**12**	5.5	-22.2	**11**	-5.2	-41.9	low
American Hospital	**●/●**	**8**	17.2	14.1	11.3	6.3	**4**	11.2	-1.0	**4**	13.0	-6.4	high
Alco Standard	**25/16**	**9**	16.8	11.3	44.7	1.3	**5**	11.0	12.7	**9**	2.0	-18.6	average
Baxter Travenol Labs	**●/●**	**10**	15.5	2.8	18.6	1.8	**7**	9.1	8.8	**14**	-13.6	-82.8	very low
Revlon	**36/51**	**11**	13.0	11.8	48.1	5.0	**11**	5.6	0.4	**13**	-11.6	0.3	high
Warner-Lambert	**28/23**	**12**	12.6	16.7	35.6	7.4	**14**	-1.3	2.2	**1**	18.7	9.8	low
Becton, Dickinson	**82/82**	**13**	11.9	14.0	37.3	7.7	**10**	6.6	1.5	**10**	-5.0	38.6	very low
Corning Glass Works	**30/28**	**14**	9.7	8.5	29.0	5.5	**13**	3.2	-0.6	**12**	-10.9	3.3	high
Sybron	**81/82**	**15**	0.6	6.7	48.5	2.4	**15**	-8.0	-11.5		NM	D-P	NM
Medians			**17.2**	**14.1**	**29.0**	**7.2**		**8.3**	**4.5**		**3.7**	**1.8**	
Hospital management													
Charter Medical	**●/●**	**1**	35.9%	32.3%	203.9%	7.7%	**5**	28.6%	27.4%	**1**	44.2%	17.1%	very high
Humana	**●/●**	**2**	33.1	28.6	173.1	9.9	**6**	16.2	11.6	**2**	36.7	11.7	very high
National Medical	**●/●**	**3**	20.9	16.8	131.9	5.7	**2**	47.0	22.1	**3**	29.0	8.2	very high
American Medical	**●/●**	**4**	20.6	19.9	146.6	7.3	**3**	34.4	14.9	**6**	17.2	18.3	high
Hospital Corp	**●/●**	**5**	19.0	17.9	97.9	8.7	**4**	33.2	15.6	**4**	27.7	17.0	very high
Beverly Enterprises	**●/●**	**6**	18.0	12.1	228.0	3.4	**1**	53.5	21.8	**5**	24.6	20.7	very high
Medians			**20.8**	**18.9**	**159.9**	**7.5**		**33.8**	**18.7**		**28.4**	**17.1**	
Industry medians			**18.9**	**16.7**	**29.0**	**7.7**		**8.3**	**6.2**		**9.3**	**9.2**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful For further explanation, see page 56

HEAVY EQUIPMENT



Peter C. Poulides/PhotoUNIQUE

If you make tractors, bulldozers or mining equipment, you're hunkered down. Or already out.

By Michael Ozanian

ONLY THE AIR TRANSPORT, coal and metals industries are ranked lower in profitability than these capital equipment manufacturers. All three industry subgroups show negative earnings for the latest 12 months, and only industrial machinery has a positive five-year average return on equity.

These companies won't start coming back until their markets do—farmers, mining and smokestack industries. That doesn't seem likely soon. Farm commodity prices were down 7% last year, and farmers are up to their ears in debt. Coal, metals mining and oilfield services are in terrible shape. Construction was disappointing. The smokestack industries are in the grip of change as the U.S. economy moves more into services.

On top of that was the strong dollar. Last year it meant that some of these companies were being beaten with their

Heavy equipment

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Agricultural													
Deere	79/●	1	6.1%	2.0%	43.4%	1.1%	1	–4.7%	–2.8%	1	–34.4%	–64.6%	high
Massey-Ferguson	74/53	2	def††	def	482.3	0.0	2	–15.5	–8.5		NM	D–D	NM
Medians			**def**	**2.0**	**262.9**	**0.6**		**–10.1**	**–5.7**		**–34.4**	**–64.6**	
Building and mining													
Joy Manufacturing	60/●	1	12.0%	3.3%	15.1%	1.8%	3	–5.4%	18.4%	1	–26.6%	–53.9%	low
Ampco-Pittsburgh	36/53	2	6.1	3.9	46.0	1.5	1	0.0	23.4		NM	119.4	NM
Caterpillar Tractor	●/PD	3	1.6	def	48.5	def	4	–6.8	–1.7		NM	D–D	NM
Becor Western	42/50	4	def	1.3	27.2	0.6	2	–2.7	–10.7		NM	D–P	NM
Clark Equipment	83/43	5	def	def	26.1	def	5	–10.1	–10.0		NM	P–D	NM
American Hoist	52/DD	6	def	def	74.6	def	6	–10.8	10.6		NM	D–D	NM
Harnischfeger	68/68	7	def	3.1	92.5	1.6	7	–11.2	18.8		NM	34.6	NM
Medians			**def**	**1.3**	**46.0**	**0.6**		**–6.8**	**10.6**		**NM**	**–53.9**	
Industrial													
Litton Industries	27/30	1	22.9%	15.2%	158.3%	6.5%	13	2.6%	–0.3%	7	5.4%	–0.7%	low
Ametek	71/69	2	20.6	17.2	20.5	7.1	10	4.5	–2.9	2	12.9	–17.7	high
Pentair	28/21	3	20.0	17.9	56.2	3.9	1	21.0	8.1	9	3.4	–3.9	very low
Foster Wheeler	54/73	4	17.7	8.6	12.0	2.7	30	–3.2	–11.8	19	–7.2	–3.0	average
Emhart	42/40	5	17.1	15.4	24.1	4.7	18	1.3	–2.9	4	9.5	–12.4	very high
Sundstrand	37/21	6	17.0	13.5	30.1	5.9	14	2.6	24.6	20	–7.6	19.2	low
Illinois Tool Works	●/●	7	16.8	15.2	2.9	9.6	5	7.7	4.2	6	5.7	2.7	average
Tecumseh Products	●/●	8	15.6	13.7	0.0	7.1	22	0.6	–6.7	8	5.3	–15.7	low
Stanadyne	44/44	9	15.5	15.3	17.0	6.0	22	0.6	0.7	3	9.8	–18.0	low
Briggs & Stratton	●/●	10	15.4	11.2	0.0	4.4	21	0.9	–2.7	17	–6.9	–24.3	average
Combustion Eng	●/●	11	15.2	def	11.8	def	19	1.1	–13.9		NM	D–D	NM
Kaman	44/32	11	15.2	17.6	29.5	3.4	3	9.4	3.0	1	15.8	11.2	high
Zurn Industries	●/76	13	14.7	10.1	14.8	4.3	26	–0.5	10.0	14	–4.5	13.1	very low
General Signal	29/20	14	14.4	11.5	10.7	5.8	12	4.4	2.2	12	–1.2	–2.2	very low
Cooper Industries	60/50	15	14.4	9.6	12.6	4.6	9	5.1	34.3	25	–18.3	26.9	average

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ††Three-year average For further explanation, see page 56.

own products by smart middlemen like Myron Shyshlak of Seattle. Shyshlak bought Caterpillar hydraulic excavators from Belgium, imported them into the U.S. and sold them to Caterpillar dealers for as much as 15% less than Caterpillar was charging.

Little wonder that half the companies on our farm machinery list were taken over or closed down last year. J.I. Case acquired two International Harvester farm equipment plants while IH shut the other two. Klockner-Humboldt-Deutz A.G. of West Germany bought Allis-Chalmers' tractor operations. Ford bought out Sperry's.

The resulting inventory liquidation kept prices at giveaway levels. Sales at industry leader Deere have fallen by $1.4 billion since 1980, to $4.1 billion last year.

What's easy to miss is how many inventories have been worked off and how many plants have closed—which pushes down break-even levels. For example, Massey-Ferguson still has an alarming debt, nearly five times equity. But it closed two plants in 1985 and intends to spin off 60% of its combine division to lenders. It might be in the black this year.

Deere is still slashing, too. Production was cut 21% last year, and salaries will be trimmed another $50 million this year. Caterpillar, with its 53,000 worldwide work force already down by 40% since 1979, expects to be 20% smaller in five years.

Some strong players stood against the tide. In industrial machinery, Ex-Cell-O's earnings increased by 9%. Major reason: Detroit is using more plastic in cars, and Ex-Cell-O is one of the auto industry's leading suppliers.

But most merely survived. Deere is getting by on sidelines like power lawn mowers—a nice $600 million business—and military contracts ($40 million). Caterpillar is moving down in the market with a new backhoe loader for small contractors, a major move that throws it up against the likes of Deere and Tenneco's J.I. Case.

Diversified Ametek is trying to move into less competitive areas by acquiring specialized instrument companies like Panalarm and the CAD/CAM operations of Bausch & Lomb. But Ametek has a relatively strong cash position; not all these companies can make acquisitions.

One source of satisfaction: As the dollar fell and the yen rose, it put a crimp in the plans for world conquest of Caterpillar's archrival, Komatsu. The Japanese giant had to raise prices 5% to 10% late in the year and was penalized by the EEC for dumping in Europe. ■

Heavy equipment

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Parker-Hannifin	55/56	16	14.2%	14.7%	22.4%	5.5%	7	6.6%	8.1%	15	–5.9%	–2.0%	very low
Stanley Works	40/42	17	14.0	16.6	16.7	6.3	11	4.4	6.9	11	1.6	7.5	very low
Ex-Cell-O	30/8	18	13.3	12.1	10.8	4.9	17	1.6	3.1	10	2.0	9.0	low
Colt Industries	52/38	19	12.3	39.8	36.3	7.6	37	–5.6	1.6		NM	24.8	NM
Harsco	47/37	20	12.1	14.2	29.1	4.8	25	–0.3	29.3	18	–7.2	54.5	low
Norton	●/●	21	11.6	8.4	25.7	4.4	24	–0.2	–0.2	22	–16.4	–14.8	average
Cincinnati Milacron	●/●	22	11.3	def	37.1	def	36	–5.5	7.4		NM	P-D	NM
Bearings	●/●	23	10.6	7.8	33.2	2.1	6	7.0	4.4	21	–10.8	–15.2	average
Amsted Industries	31/30	24	9.6	7.9	0.0	4.2	40	–10.1	11.9		NM	20.2	NM
Eagle-Picher Inds	66/72	25	8.9	10.8	27.0	4.0	20	1.0	–1.3	13	–4.4	–1.5	very low
Textron	40/37	26	8.8	14.7	16.0	3.3	27	–2.1	80.7	16	–6.4	84.5	low
Foxboro	●/●	27	8.7	0.0	6.8	0.0	16	1.7	3.6	28	–34.1	–98.0	average
McDermott Intl	43/PD	28	7.9	def	60.9	def	28	–2.3	10.1	23	–16.6	P-D	very low
Easco	34/DP	29	7.3	def	84.6	def	2	10.3	–28.1		NM	D-D	NM
Stewart-Warner	83/88	30	6.8	5.4	0.2	3.3	38	–5.6	–6.2	26	–19.6	–12.0	high
Libbey-Owens-Ford	42/NA	31	6.6	14.1	39.4	4.0	8	5.2	12.0	5	7.7	0.7	very low
Stewart & Stevenson	89/●	32	6.5	3.7	47.6	1.2	34	–4.6	11.5		NM	D-P	NM
Timken	70/84	33	6.4	1.2	11.4	0.9	35	–5.4	–1.9		NM	–81.8	NM
Ingersoll-Rand	●/●	34	6.3	7.0	44.3	2.7	29	–3.2	7.6		NM	D-P	NM
Rexnord	●/●	35	6.3	8.0	49.8	3.1	33	–4.3	23.4	27	–31.0	75.3	average
Dayco	41/37	36	5.4	8.4	84.9	1.6	15	2.6	3.9	24	–17.2	–25.7	low
Midland-Ross	41/30	37	1.5	def	69.4	def	31	–3.7	–17.2		NM	P-D	NM
Chicago Pneumatic	●/●	38	0.5	6.0	23.1	1.8	32	–4.3	0.5		NM	–32.6	NM
Chromalloy American	32/89	39	def	def	83.6	def	43	–12.5	–3.2		NM	D-D	NM
Harnischfeger	25/33	40	def	3.1	92.5	1.6	42	–11.2	18.8		NM	34.6	NM
General Refractories	70/54	41	def	11.4	349.4	0.7	41	–10.2	–2.7		NM	–69.1	NM
Allis-Chalmers	●/DD	42	def	def	180.7	def	39	–9.7	–27.6		NM	D-D	NM
Masco Industries	24/30		NA	20.8	239.7	4.8	4	8.7	9.3		NA	NA	NA
Medians			**11.5**	**10.1**	**27.0**	**3.9**		**0.6**	**3.1**		**–13.6**	**–8.0**	
Industry medians			**8.9**	**8.2**	**29.3**	**2.9**		**–0.4**	**3.1**		**–19.6**	**–13.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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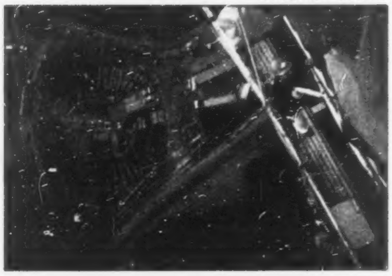
INDUSTRIAL AND OFFICE SERVICES

There are some terrific earnings performers here. And some that aren't as good as they look.



Lynn Johnson/Black Star

By Edward F. Cone

CHECK PROCESSORS, TRASH HAULERS, building cleaners, office temp agencies, solid waste disposal and pollution control firms—what do they all have in common?

These companies don't make anything. Instead they provide a service. In a way, they're a microcosm of the smokestack-to-service shift of the U.S. economy.

There are some sparkling performers here. ServiceMaster Industries, for example, the leader in industrial ser-

Industrial and office services

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Industrial services													
ServiceMaster Inds	●/●	1	43.1%	46.9%	0.0%	3.4%	4	19.8%	16.8%	2	21.7%	10.1%	very high
PHH Group	●/●	2	23.1	18.4	21.5	5.4	3	23.4	41.2	4	17.5	11.5	very high
Tyco Laboratories	31/19	3	22.9	18.2	8.2	4.9	2	24.5	-4.9	8	-1.1	-6.0	very low
Waste Management	●/●	4	22.2	18.2	55.2	10.4	1	26.6	31.2	1	22.5	21.3	very high
Browning-Ferris Inds	●/●	5	21.2	22.4	23.0	9.5	5	16.2	16.7	3	21.3	19.3	very high
National Service	26/NA	6	19.5	18.1	2.5	5.7	8	7.7	11.0	6	9.3	10.0	very high
Johnson Controls	51/46	7	14.4	14.7	23.8	4.4	7	8.1	25.4	5	9.3	1.9	average
Gelco	●/●	8	14.4	10.8	670.2	2.2	6	15.0	8.1		NM	73.4	NM
Rollins	●/●	9	10.8†	53.4	63.5	5.7	10	1.0‡	9.4	7	3.5‡	10.9	very low
Research-Cottrell	87/●	10	7.3	def	28.6	def	9	4.8	3.1	9	–14.5	P–D	very low
Medians			**20.4**	**18.2**	**23.4**	**5.2**		**15.6**	**13.9**		**9.3**	**10.5**	
Office services													
Comdisco	●/●	1	31.6%	30.3%	139.9%	9.9%	1	21.2%	8.3%	1	29.7%	101.9%	average
Kelly Services	●/●	2	24.2	28.7	0.0	3.7	4	12.5	21.1	5	9.0	23.7	average
Herman Miller	●/●	3	21.6	26.0	28.4	8.2	3	16.5	16.1	3	17.2	24.1	very high
Automatic Data	●/●	4	19.4	17.6	29.0	8.6	2	18.9	15.3	4	14.0	16.4	very high
Moore Corp	●/●	5	15.8	17.6	6.7	6.9	8	4.0	2.9	7	–0.7	39.8	very low
Dennison Mfg	45/49	6	14.8	11.8	22.4	4.1	5	8.5	–2.8	6	4.4	–21.1	low
Bell & Howell	69/73	7	11.0	15.1	43.5	4.2	7	4.2	5.6		NM	2.8	NM
Esselte Business Sys	●/●	8	10.7	13.2	34.1	4.9	6	7.7	9.8	2	26.7‡	–1.3	high
Parker Pen	83/●	9	7.7	10.3	20.5	1.3	9	3.1	14.3		NM	17.0	NM
Nashua	30/31	10	4.0	11.9	37.9	2.5	11	–2.1	2.6		NM	–21.0	NM
Savin	●/DD	11	def	def	197.4	def	10	–0.1	6.9		NM	D–D	NM
Medians			**14.8**	**15.1**	**29.0**	**4.2**		**7.7**	**8.3**		**4.4**	**16.4**	
Industry medians			**15.8**	**17.6**	**28.4**	**4.9**		**8.5**	**9.8**		**9.0**	**10.9**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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> ***One service company, Bell & Howell, is having a hard time letting investors know what business it's in. The company hasn't made cameras since 1979 but people still think of it as "an aging camera company," says Jan Loeb of L.F. Rothschild.***

vices, has a five-year return on equity of 43.1%. That's first among the 21 companies in this industry. It has topped that five-year figure in each of the last two years and without a penny of debt.

Or take Kelly Services, second in office services. Kelly had a 28.7% ROE last year, again with no debt—while computer leaser Comdisco, number one there, is bloated with it. Another company whose ROE is artificially high because of heavy debt is Gelco, the vehicle leaser.

ServiceMaster's main business is cleaning hospitals. It may be one of the few companies to benefit from the health care industry's current problems *(see p. 154)*. Hospital companies are trying to cut costs and increase efficiencies, and one way is to contract out housekeeping services.

But ServiceMaster has also gone into schools and factories, which accounted for 25% of its $916 million annualized revenues in 1984. "We're at the front of the curve," boasts President C. William Pollard. "The total education market is about $14 billion. We've gone from zero to $160 million there in under five years."

Kelly owns and operates all its office temp outlets, while its chief competitor, Parker Pen's Manpower, often franchises. Kelly should grow at 16% to 17% this year, says Merrill Lynch analyst Jerry Levine.

One service company, Bell & Howell, is having a hard time letting investors know what business it is in. The company hasn't made cameras since 1979, and now gets its revenues from such services as information storage and document processing. But people still think of B&H as "an aging camera company," says L.F. Rothschild analyst Jan Loeb, who thinks the stock (recently 32⅝) is undervalued as a result.

Savin, one of four companies on our list to post a deficit, had losses because of the expense of staying competitive in the cutthroat copier business. As a result, Savin is planning to dump its 8000 series copier in 1986.

Automatic Data Processing, which does payroll checks as well as accounting and tax services for businesses, is a consistently profitable company that failed to match its five-year return on equity of 19.4% last year. But that was because the company increased spending on payroll national accounts and on-site accounting software. And the company's earnings rose despite the drop in ROE. Its automatic teller machine division generated profits for the first time in 1985 and should help more this year. ■

INSURANCE

S. Innerfield/International Stock Photos

The turnaround finally came. But that six-year stomachache won't go quickly.

By Richard Morais

REMEMBER THE $906 MILLION Fireman's Fund public offering last October? It was initially priced at 25¼ a share, but investors oversubscribed it and drove the price up to 32¼ within a month.

How times change. Two years ago Fireman's Fund, then owned by American Express, was in terrible shape, losing $458 million pretax in just three years.

Why the rush to buy the stock when American Express sold it? Because people felt that the bad news was over and the good news about to flow.

After six bad years the most severe down cycle in the industry's history seems to be ending. In 1985 property and casualty insurance premium rates climbed 50%, with some specialty lines up 400%. And the speculative frenzy

Insurance

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Brokers													
Marsh & McLennan	69/76	1	23.0%	41.0%	2.8%	11.9%	1	14.7%	21.3%	1	–7.2%	102.4%	low
Alexander & Alexander	85/●	2	9.8	def	79.2	def	2	9.4	51.5		NM	D–D	NM
Medians			**16.4**	**5.6**	**41.0**	**3.2**		**12.1**	**36.4**		**–7.2**	**102.4**	
Diversified													
Loews	67/DP	1	22.1%	27.4%	20.1%	9.3%	17	5.4%	19.5%	1	12.3%	48.7%	average
Teledyne	28/NA	2	21.3	24.6	92.4	8.6	20	3.5	–3.4	6	3.1	33.6	very low
Cincinnati Financial	●/DD	3	19.7	13.0	3.7	8.8	11	10.4	20.0	2	10.7	1.2	very high
American Intl Group	●/●	4	19.0	10.0	16.7	5.6	6	13.2	21.9	4	6.9	-25.4	low
Combined Intl	●/●	5	18.6	18.3	3.8	11.5	4	15.0	6.2	7	3.0	17.7	low
Old Republic Intl	●/●	6	18.3	13.0	19.3	6.5	15	5.9	71.9	5	5.5	-11.1	high
American Express	30/DP	7	18.0	15.3	83.3	4.8	2	21.9	22.1	8	1.8	61.5	low
Farmers Group	●/●	8	17.8	16.6	0.2	18.2	3	16.1	10.8	3	9.0	12.7	very high
General Re	●/●	9	17.4	2.8	1.2	2.0	5	14.9	16.0	15	–7.6	-70.0	very low
American General	●/DP	10	14.3	13.2	12.2	8.3	1	22.3	11.3	9	1.6	21.4	very low
CNA Financial	●/DD	11	13.8	9.8	2.9	3.5	16	5.9	19.5	16	–9.7	–13.1	low
Safeco	●/●	12	12.9	9.5	37.8	4.9	13	8.4	18.4	11	–1.9	–24.1	very low
Transamerica	63/1	13	12.9	8.0	147.1	2.4	19	4.9	25.6	14	–7.3	6.5	very high
Travelers	●/●	14	12.1	7.9	1.9	1.9	10	11.4	11.6	13	–6.2	–22.2	high
Kemper	●/DD	15	11.5	5.9	20.5	1.8	7	12.9	30.8	17	–23.1	63.4	high
Lincoln National	●/●	16	10.9	11.1	14.9	3.8	8	12.4	9.1	10	1.0	–0.7	very low
ITT	29/DP	17	10.6	6.9	42.9	3.4	21	–6.9	–14.2	12	–5.1	–9.7	very low
Aetna Life & Cas	●/●	18	9.8	6.9	10.3	1.7	18	5.3	17.3	19	–39.9	36.4	very high
Colonial Penn Group	●/68	19	9.3	13.5	0.0	3.8	9	11.8	5.2		NM	3.3	NM
Cigna	54/DD	20	6.6††	3.1	7.0	1.1	12	9.3	14.9		NM	60.3	NM
Continental Corp	●/DD	21	6.1	5.2	12.7	2.3	14	6.6	6.6	18	–34.3	477.1	high
Beneficial Corp	28/DP	22	4.4	9.0	399.3	4.0	22	–7.7	–13.6		NM	–18.2	NM
Medians			**13.4**	**9.9**	**13.8**	**3.9**		**9.9**	**15.5**		**–3.5**	**4.9**	
Life and health													
ICH	●/●	1	25.6%	31.3%	258.6%	4.9%	3	47.1%	255.2%	2	29.4%	53.1%	high
First Executive	●/●	2	22.5	10.7	0.0	2.8	1	58.1	103.9	1	44.4	12.7	very high
Business Men's Assur	80/64	3	14.1	13.2	12.4	9.3	9	8.9	1.1	6	8.7	23.6	average

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over the Fireman's Fund offering was not unique. Companies like General Re, American International Group and Travelers Corp. have raised more than $5 billion in the markets during the last year. By November insurance stocks were up as much as 42%, vs. 18% for the S&P's 500.

The severe downturn left scars, however. "Our industry's failure to be economically prudent in the last down cycle seriously weakened the capital structure of some companies," says Daniel McNamara, president of the Insurance Services Office.

This is true. The industry lost $4.5 billion in pretax operating income last year. There were more insolvencies in 1984-85 than in any other two-year period since state guaranty funds were formed in 1969. The National Association of Insurance Commissioners says 15% of the companies that filed in 1984 needed regulatory action. "Going into some companies and looking at their financials today is like looking under rocks," says Bruce Foudree, NAIC president.

Mission Insurance, 50%-owned by Carl Lindner's American Financial Corp., was placed in conservatorship by California's insurance department. Xerox was forced to infuse $200 million into its Crum & Forster. USF&G and St. Paul Cos. were hurt by hurricane losses. Even stellar performer Geico's 12-month ROE was 44% below its five-year performance.

Also, while the equity offerings replenished coffers, reserves caused concern. McNamara estimates that general liability lines are underreserved 40%; medical malpractice, 70%. Wall Street figures reserves for all lines fall short by 6% to 15%.

Nor have the basic causes of the downturn been removed. Until the nation finds ways to curb the mounting wave of outrageous court awards to plaintiffs, it is difficult to see how any insurance turnaround can last. Higher rates will be followed by higher damage awards and the cycle will begin all over again.

As a society we suffer a vicious case of litigationitis. The insurance industry is caught squarely between greedy lawyers, softheaded jurors and consumers who object to ever-rising insurance bills. It is a crisis for which no end is in sight. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Capital Holding	●/●	4	14.1%	13.1%	27.8%	6.5%	4	31.3%	14.2%	7	8.6%	2.2%	very high
Provident Life & Acc	●/●	5	14.0	13.6	0.0	6.6	10	7.3	21.7	8	7.8	7.9	high
Torchmark	80/●	5	14.0	19.4	20.4	11.9	6	26.4	0.0	3	14.2	35.6	very high
American Family	●/●	7	13.4	18.2	9.1	5.6	8	17.5	12.8	9	6.8	23.7	very low
Jefferson-Pilot	●/●	8	12.9	15.8	0.0	17.7	11	4.9	6.6	5	10.1	51.6	average
USLife	●/●	9	10.8	2.0	19.6	2.1	13	4.2	–1.4	15	–21.9	–78.5	average
Life Investors	●/●	10	10.8	10.7	13.2	4.5	7	23.7	17.3	4	11.0	11.9	average
American Natl Ins	●/NM	11	10.7	7.3	0.0	11.0	12	4.2	4.2	10	6.2	–7.5	average
Monarch Capital	●/●	12	10.7	10.0	0.0	3.3	5	28.0	37.3	11	–1.1	–11.3	very low
Washington National	●/●	13	8.6	2.1	3.0	1.1	16	–2.4	–4.4	14	–20.1	–63.5	very high
Northwestern Natl Life	●/●	14	7.4	4.5	26.6	1.1	2	57.3	63.4	12	–11.0	–52.7	low
Equitable of Iowa	58/●	15	7.0	4.3	9.2	2.6	15	2.7	4.9	13	–15.0	–10.2	average
Kaufman & Broad	39/41	16	4.7	14.5	82.4	4.7	14	3.3	33.5		NM	72.1	NM
Medians			**11.9**	**11.9**	**10.8**	**4.8**		**13.2**	**13.5**		**7.3**	**9.9**	
Property and casualty													
Geico	●/●	1	34.1%	19.1%	44.5%	7.0%	7	7.1%	20.4%	3	10.3%	–13.9%	high
Fremont General	88/DD	2	20.3	113.5	61.8	26.3	1	15.5	–18.4		NM	D–P	NM
Universal Leaf	19/ 7	3	19.0	18.3	3.2	3.9	14	1.9	12.9	4	9.6	4.8	very high
Hanover Insurance	●/●	4	13.7	3.0	0.0	1.2	4	8.9	24.5	6	–13.8	–54.5	low
Ohio Casualty	●/79	5	13.6	6.4	0.0	2.9	11	4.2	11.3	7	–15.9	8.8	high
Chubb	73/DP	6	12.8	7.3	20.7	3.0	2	10.9	25.2	5	–12.6	9.1	high
USF&G	●/DD	7	12.5	def	0.0	def	10	4.6	28.2	8	–16.0	P–D	high
Xerox	20/NA	8	12.2	4.3	35.5	2.6	13	3.4	0.4	9	–20.2	–40.0	high
Sears, Roebuck	19/31	9	10.6	10.7	87.4	2.9	3	10.4	4.6	2	13.5	–19.9	average
Berkshire Hathaway	28/22	10	8.4	7.0	10.0	11.0	5	8.7	26.0	1	15.0	11.8	high
St Paul Cos	●/DD	11	7.7	def	8.5	def	8	6.3	1.2		NM	D–D	NM
Mission Insurance	●/DD	12	def	def	835.3	def	6	7.2	–4.4		NM	D–D	NM
Fireman's Fund	●/DD		NA	def	0.0	def	9	5.7‡	0.8		NA	NA	NM
Home Group	88/DD		NA	NA	28.5	def	12	3.7	–4.9		NA	NA	NM
Medians			**12.7**	**6.4**	**15.4**	**2.8**		**6.7**	**8.0**		**—14.9**	**–19.9**	
Industry medians			**12.9**	**10.0**	**12.6**	**3.8**		**8.8**	**13.6**		**–3.5**	**3.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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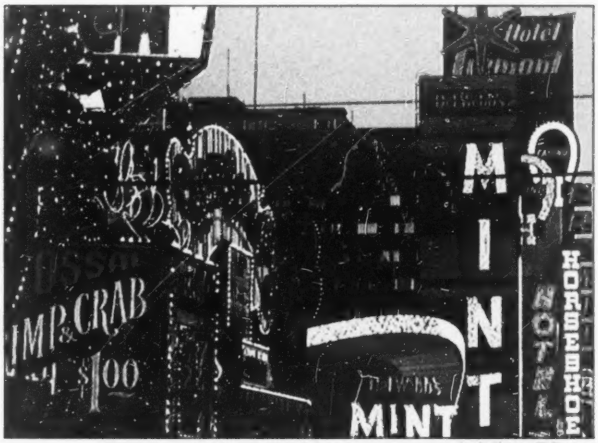
LEISURE AND RECREATION

Variety might put it this way: Shows bomb, sharks boffo.



Keith Glasgow/JB Pictures

By Matthew Heller

THE BUSINESS OF MAKING MOVIES wasn't much to shout about in 1985. But the business of making moves on movie companies was a smash.

With only a couple of blockbuster films—Universal's *Back to the Future* and *Rambo: First Blood Part II* from Tri-Star Pictures—overall box office receipts were down about 6%. The leverage on that is considerable in this business: a 53% decline in industrywide earnings.

Rupert Murdoch and Ted Turner made bigger news. Murdoch bought Twentieth Century-Fox and Turner bought MGM (maybe). Rumored targets for 1986: Warner Communications and industry profits leader MCA.

What's the attraction? Huge assets in the form of lucrative film libraries and TV series syndication deals. Out of that, a rich crop is ready for harvest this year.

Analyst Alan Kassan of First Manhattan Co. estimates

Leisure and recreation

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Entertainment													
General Cinema	38/34	1	34.5%	34.5%	114.6%	12.9%	5	6.9%	–0.1%	1	43.0%	76.2%	very high
CBS	32/19	2	13.7	0.3	23.9	0.2	7	5.1	–4.0	4	–3.1	–98.0	very low
MCA	69/72	3	13.4	9.5	9.0	5.9	6	6.1	27.2	3	–2.7	14.4	very low
MGM/UA Enter	●/●	4	13.2	def	107.7	def	1	39.4	–7.3	2	–0.3	P–D	very low
Gulf & Western Inds	32/18	5	9.3	12.6	49.7	14.0	8	–5.9	–59.9		NM	–7.3	NM
Bally Manufacturing	70/NA	6	9.1	def	168.8	def	2	26.4	–1.3		NM	P–D	NM
Walt Disney	81/66	7	8.4	15.0	73.7	8.6	3	14.6	21.7	5	–25.4	500.0+	high
Warner Communication	●/●	8	def	def	148.0	def	4	8.2	–42.4		NM	D–D	NM
Medians			**11.3**	**4.9**	**90.7**	**3.1**		**7.6**	**–2.7**		**–14.3**	**–52.7**	
Hotels and gaming													
Marriott	46/49	1	22.2%	22.4%	165.1%	4.0%	2	19.3%	15.7%	1	19.8%	24.4%	very high
Hilton Hotels	●/●	2	21.0	19.3	46.5	17.5	8	4.9	2.4	5	1.6	32.6	very low
MGM Grand Hotels	72/NA	3	18.7††	NE	143.4	4.4	9	3.6	6.0	6	–19.5	38.9	very high
Transworld	33/35	4	16.2††	17.6	27.9	5.6	5	7.3	1.7	2	15.5	7.0	average
Caesars World	●/●	5	14.5	16.3	104.5	4.8	3	16.1	6.5		NM	62.1	NM
Holiday	●/●	6	13.3	16.1	77.1	7.6	6	6.5	5.4	4	9.8	36.3	low
Bally Manufacturing	29/NA	7	9.1	def	168.8	def	1	26.4	–1.3		NM	P–D	NM
Resorts Intl	●/●	8	8.6	def	392.2	def	7	4.9	1.4		NM	P–D	NM
Del E Webb	26/ 1	9	5.5	13.0	67.1	5.1	10	–4.2	–32.3	3	9.9	29.3	low
Ramada Inns	●/●	10	def	3.9	130.5	1.6	4	13.3	2.4		NM	44.4	NM
Medians			**13.9**	**14.6**	**117.5**	**4.6**		**6.9**	**2.4**		**–9.0**	**31.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful. †Four-year average ††Three-year average For further explanation, see page 56 that the six TV shows MCA currently produces and syndicates, plus the three for which it has syndication rights, will bring $600 million in initial syndication. *Miami Vice* alone should go for $2 million an episode. Gulf & Western's Paramount is also sitting on a gold mine in *Cheers*, *Family Ties* and *Webster*, all due for syndication by 1988.

Casino owner Bally acquired MGM Grand Hotels' Las Vegas and Reno operations for $440 million. That allowed it to diversify out of Atlantic City, where growth is slowing. The eastern casinos' profits declined by around 45% last year, even though revenues were up 10%.

The reason: The Boardwalk is getting crowded. New York real estate developer Donald Trump's $320 million Trump Castle was the latest to arrive.

Atlantic City must improve the infrastructure, argues Dennis Forst, an analyst at Seidler Amdec Securities. Not only is the transportation inadequate but there aren't enough parking places or hotel rooms to service the casino capacity.

In resurgent Las Vegas, casino *winnings* rose about 12%, double the five-year average. That's why Bally's move is smart. It enters a buoyant market with a prime location on the Strip opposite Caesar's Palace, Vegas' most successful casino.

Parent Caesars World is now sitting on such a huge pile of cash—*an estimated* $75 million—that Chairman Henry Gluck is considering acquiring a hotel chain. Steve Wynn of the Golden Nugget tried that last year, but Hilton International beat him off. Hilton is still considered a target.

Gluck would be moving into an industry that offers no great prospects this year. Hotel occupancy in 1985 was a mediocre 66%, and room rates rose only 7%, less than expected. Market segmenting by big hotel chains and tax shelter syndication deals (FORBES, *Oct. 7, 1985*) flooded the market with 50,000 additional rooms last year.

There may be more. Holiday Corp., for one, wants to move out of its middle-class market both ways—up to luxury hotels at one end (Holiday's Embassy Suites chain) and down to no-frills budget at the other (Hampton Inns).

But you can't easily turn an existing Holiday Inn into a luxury hotel, or strip it down, either; you have to build a new hotel. Once built, says John Rohs, an analyst at Wertheim, "it takes two or three years before it makes any meaningful contributions to earnings."

New products are the lifeblood of toy and sports equipment companies. For example, Hasbro's sales rose, thanks to full-year results for Milton Bradley, acquired in late 1984. But its profits owe more to GI Joe and to Transformer, the robot you can twist into trucks and spacecraft.

Hasbro's Transformer proves that you need standout new products to overcome sluggish demand in leisure industries. Sports and recreational equipment makers failed to come up with many. Even Brunswick, whose earnings had been surging for the last two years, suffered from flat sales.

This year could be better. Toymakers are planning new lines, such as Coleco's Furskins, which the company hopes will be a bearlike successor to its Cabbage Patch Kids. Polaroid has a new instant camera aimed at a younger, more affluent audience. And the 35mm makers, which have hurt Polaroid in recent years, are coming out with dual-lens cameras. Look for Kodak to enter this market in the spring. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Recreation													
Brunswick	73/75	1	24.7%	20.9%	23.9%	6.5%	2	2.3%	5.0%	2	46.2%	5.6%	average
Fuqua Industries	28/27	2	20.7†	17.9	114.0	3.7	3	–14.8	11.2		NM	–8.5	NM
Outboard Marine	79/●	3	9.8	8.0	24.8	3.3	1	4.3	–4.5	1	49.6	–42.4	high
Medians			**20.7**	**17.9**	**24.8**	**3.7**		**2.3**	**5.0**		**46.2**	**–8.5**	
Photography													
Eastman Kodak	78/81	1	15.8%	10.4%	5.7%	6.9%	1	4.6%	1.5%	1	–7.4%	–5.9%	low
Polaroid	●/●	2	4.7	2.3	13.6	1.7	2	–2.5	–2.9	2	–8.5	–48.5	very low
Medians			**10.3**	**6.4**	**9.7**	**4.3**		**1.1**	**–0.7**		**–8.0**	**–27.2**	
Toys and electronics													
Hasbro	●/●	1	31.8%	29.1%	43.5%	8.2%	2	37.5%	111.0%	1	65.0%	42.3%	high
Coleco Industries	●/●	2	18.0	def	1273.3	def	1	47.7	21.9		NM	D–D	NM
Mattel	●/●	3	def†	77.1	137.5	6.2	3	–1.4	43.7		NM	D–P	NM
Medians			**18.0**	**29.1**	**137.5**	**6.2**		**37.5**	**43.7**		**NM**	**42.3**	
Industry medians			**13.4**	**11.5**	**90.8**	**4.6**		**6.3**	**2.1**		**–8.0**	**5.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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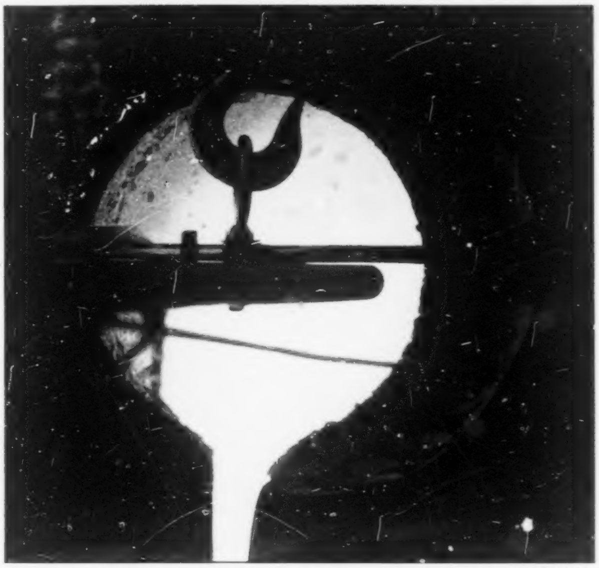
METALS

Protectionism won't help. The lesson: Cut your costs or die.



By Kerry Hannon

In other industries, the question is, who will the winners be? In metals, the despairing question is, who will the survivors be?

Only 1 of the 36 companies on our lists, Worthington Industries, has a positive five-year growth rate in earnings per share. It's a fair bet that many of these companies won't see the 21st century.

Two, Revere Copper and Wheeling-Pittsburgh Steel, have already been in Chapter 11. Others will survive only by shrinking drastically or by going into unrelated businesses. U.S. Steel has shut 24% of its capacity in the past six years. It is now an oil and gas company with a steel sideline.

The trouble in steel is very basic and will be around for a

Metals

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Nonferrous metals													
Engelhard	77/41	1	17.8%	10.2%	12.7%	2.2%	6	0.1%	–4.8%	1	–0.2%	0.6%	very low
Handy & Harman	45/42	2	15.9	7.6	78.1	1.8	8	–3.2	–7.5	2	–10.6	–26.0	low
Alcan Aluminium	●/●	3	10.5	def	45.3	0.0	3	3.0	2.2	4	–38.0	P–D	average
Newmont Mining	52/DP	4	9.0	1.8	14.6	3.8	9	–4.0	–10.3	3	–32.4	–30.7	high
Alcoa	86/●	5	8.4	2.7	47.4	1.7	4	2.6	–8.6		NM	–76.3	NM
Easco	59/NM	6	7.3	def	84.6	def	1	10.3	–28.1		NM	D–D	NM
Reynolds Metals	●/●	7	4.7	def	85.5	def	5	0.5	–7.7		NM	P–D	NM
Kaiser Alum & Chem	60/33	8	2.4	def	104.4	def	7	–0.1	–30.0		NM	P–D	NM
Asarco	82/63	9	def	def	65.0	def	11	–5.5	–20.6		NM	D–D	NM
AMAX	57/DP	10	def	def	61.0	def	10	–5.0	–14.1		NM	D–D	NM
Phelps Dodge	60/DD	11	def	def	68.5	def	13	–8.9	–5.9		NM	D–D	NM
Revere Copper	87/82	12	def	65.8	433.5	6.0	12	–7.9	–19.7		NM	D–P	NM
Inspiration Resources	44/DP	13	def	def	55.8	def	2	5.2	27.1		NM	D–D	NM
Inco	●/●	14	def	3.5	77.2	3.9	14	–15.6	4.8		NM	D–P	NM
Medians			**3.6**	**def**	**66.8**	**def**		**–1.7**	**–8.2**		**NM**	**P–D**	
Steel													
Worthington Inds	57/68	1	23.6%	20.2%	32.3%	5.4%	1	15.4%	11.8%	1	4.6%	14.9%	average
Nucor	●/●	2	18.5	18.8	14.4	7.6	4	7.1	16.1	4	–5.5	46.3	very low
Carpenter Technology	●/●	3	13.3	6.0	39.3	3.5	9	–1.6	–2.3	5	–11.7	–46.5	average
Earle M Jorgensen	●/●	4	11.4	4.8	15.6	2.7	19	–7.1	6.0	6	–19.4	–24.1	average

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"That is just too low for the steel industry to be very successful," says Donald Trautlein, chairman of the American Iron & Steel Institute and chairman of Bethlehem Steel. "In a capital-intensive industry—one that has high fixed charges—you ought to get up into an 80% utilization to be profitable."

The news isn't very different in aluminum. The number of producers worldwide has doubled since 1950, to about 40 today. More than a third of these are under their governments' control. Result: dumping, at desperation prices. Ingot aluminum goes for 50 cents a pound, down from 75 cents in 1983.

As recently as 1981, the U.S. was a net exporter of aluminum. Now net imports—imports less exports—are running 1.5 billion pounds, or 10.7% of U.S. consumption. William Siedenburg of Smith Barney predicts that this figure will increase to 12.5% for 1986.

Copper? The average producer's price is 67 cents a pound, down from an average 77 cents in 1983. Mines in Chile and Zambia are running full tilt so that these countries can pay off their foreign debt.

Will protectionism help? All such attempts will fail, says John Tumazos, an Oppenheimer & Co. analyst. Take steel, where import quotas are in force. Imports of steel-containing goods are increasing. General Motors has two car models being assembled in Japan, and Ford currently has one being manufactured in Germany. In addition, steel consumers are able to import cheaper, often subsidized, steel products that are slightly fabricated and thus not covered by the quotas.

Who, then, will survive? In steel, Worthington Industries has a brighter future than most, precisely because it doesn't deal with iron ore. It processes coils of steel produced by the big, financially troubled mills and melts down scrap for its steel foundry.

Nucor Corp. is another likely survivor. Like Worthington, it doesn't process ore. Nucor makes products like construction joists and angles out of scrap. Both companies have largely nonunion work forces with a significant percentage of wages in productivity bonuses or profit-sharing payments.

Some processors and distributors will be survivors: Engelhard and Handy & Harman in precious metals and Earle M. Jorgensen and Central Steel & Wire in base metals. And manufacturers in narrow market segments, such as Carpenter Technology in specialty metals and Timken in roller bearings.

What about the big producers? Trautlein's Bethlehem Steel, which has lost more than $1.9 billion since 1981, is making some headway. The company has cut the work force in half while paring output only 30%.

LTV Corp., the nation's number two steel producer, lost $648 million in the first nine months of 1985, mostly from the closing of its Aliquippa, Pa. plant. More permanent plant closings may be necessary at the integrated steel companies.

A weakening dollar will help fend off the imports. A brisker European economy would soak up some of the excess capacity. But the inevitable truth for primary metal producers here is: Get your costs down or die. ■

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Central Steel & Wire	●/●	5	11.3%	10.8%	0.0%	2.8%	12	-2.7%	-3.5%	3	-2.7%	-11.7%	very low
Athlone Industries	56/51	6	9.8	def	181.0	def	16	-2.4	-16.8		NM	P-D	NM
Interlake	●/●	7	7.7	9.1	34.9	3.6	18	-6.4	-13.3	2	-1.3	-23.1	very low
Timken	29/15	8	6.4	1.2	11.4	0.9	14	-5.4	-1.9		NM	-81.8	NM
Ampco-Pittsburgh	34/57	9	6.1	3.9	46.0	1.5	7	0.0	23.4		NM	119.4	NM
Cyclops	60/89	10	5.9	13.1	51.0	1.8	5	4.7	11.9		NM	58.5	NM
Copperweld	85/NA	11	3.7	def	54.3	def	16	-5.8	7.4		NM	P-D	NM
LTV	63/DP	12	2.3	def	152.1	def	8	-0.1	24.4		NM	D-D	NM
United States Steel	33/ 9	13	1.7	2.5	104.8	1.3	3	8.7	-0.6		NM	D-P	NM
Lukens	72/55	14	1.2	3.9	55.5	1.1	6	1.9	8.5		NM	500.0+	NM
National-Standard	●/●	15	0.5	1.2	15.7	0.4	15	-5.5	-11.9		NM	-86.0	NM
Northwestern Steel	●/DD	16	def	def	14.2	def	22	-19.1	27.1		NM	D-D	NM
Inland Steel	●/●	17	def	def	72.7	def	11	-2.7	-12.2		NM	D-D	NM
National Intergroup	56/NA	18	def	def	15.4	def	21	-10.8	-57.9		NM	D-D	NM
Armco	52/40	19	def	def	74.5	def	13	-4.7	-11.2		NM	D-D	NM
Wheeling-Pittsburgh	●/DD	20	def	def	148.4	def	17	-6.3	-18.0		NM	D-D	NM
Bethlehem Steel	88/DD	21	def	def	109.4	def	20	-7.4	-9.2		NM	D-D	NM
NVF	40/PD	22	def	def	NE	def	2	10.7	-4.4		NM	D-D	NM
Medians			**3.0**	**1.2**	**42.7**	**0.7**		**-2.7**	**-2.1**		**NM**	**-86.0**	
Industry medians			**3.1**	**0.6**	**54.9**	**0.4**		**-2.7**	**-5.4**		**NM**	**P-D**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

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NATURAL GAS

For 40 years natural gas prices were regulated at the wellhead. Look at the mischief it caused.

By Lisa M. Keefe

The free market is coming to some of the unlikeliest industries. First electric utilities *(see p. 136)*, now natural gas. Ultimately it will be good for the consumer and good for the economy. But in the meantime it's painful.

With a huge bubble of oversupply hanging over the market, natural gas prices have been dropping for four years. Exploration has about stopped. Producer and pipeline margins have been badly squeezed.

Look at the tables. Earnings for producers and pipeliners were down 38.8% last year. Their return on equity was 7.2%, less than half their five-year averages.

Integrated companies, those with production, pipelines and distribution, were hurt less. Distributors—local gas utilities—were hurt least of all. Their earnings fell only 6.2%, and their return on equity actually exceeded historical averages. But their turn will come.

It all started in 1978, when Congress began deregulating natural gas at the wellhead after it had been controlled by the federal government for 40 years.

Gas prices doubled in three years. That got exploration and production going again, but turned off customers, who started switching to cheaper fuel oil. What had been a natural gas shortage turned into a surplus.

Producers and pipelines alike wanted to keep those customers. To do that, they had to be able to adjust prices

Natural gas

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Producers & pipeliners													
Texas Oil & Gas	●/NA	1	33.6%	18.4%	40.9%	16.2%	1	17.3%	-16.7%	1	28.9%	-20.0%	very high
Mitchell Energy	56/84	2	27.1	4.3	169.9	2.8	7	12.9	-7.9	11	-10.9	-66.0	low
Sonat	83/84	3	19.4	9.5	56.5	5.6	6	12.9	-8.7	2	14.7	-34.8	very high
Valero Energy	61/85	4	19.3	def	212.5	0.4	12	6.5	56.4		NM	D-D	NM
Transco Energy	●/83	5	18.6	2.8	96.0	0.7	2	17.2	-4.9	3	9.2	-81.3	average
United Energy	●/●	6	18.0	def	52.9	def	14	3.4	-17.6	12	-29.0	P-D	average
Panhandle Eastern	86/73	7	16.8	7.8	109.6	4.4	8	10.3	-11.6	8	-3.4	-22.0	very low
Texas Eastern	82/●	8	16.1	13.6	76.8	3.7	5	14.2	-3.6	7	-2.5	22.9	very low
Tenneco	28/26	9	14.6	6.6	75.4	3.1	13	4.8	1.3	10	-5.9	-42.7	average
MidCon	●/●	10	13.4	def	69.2	def	4	15.5	-2.2	5	6.1	P-D	high
Burlington Northern	45/19	11	12.8	13.4	50.4	7.2	3	16.7	7.8	4	7.6	7.9	average
Coastal Corp	NA/NA	12	12.8	15.8	191.6	1.6	11	6.9	6.6		NM	-4.9	NM
CSX	29/20	13	10.8	8.3	46.8	5.6	9	10.3	-5.1	6	-1.6	-19.5	very low
Williams Cos	76/82	14	10.2	3.6	145.6	1.5	10	9.0	-17.6	9	-4.5	-73.1	very low
Medians			**16.5**	**7.2**	**76.1**	**3.0**		**11.6**	**-5.0**		**-3.0**	**-38.8**	

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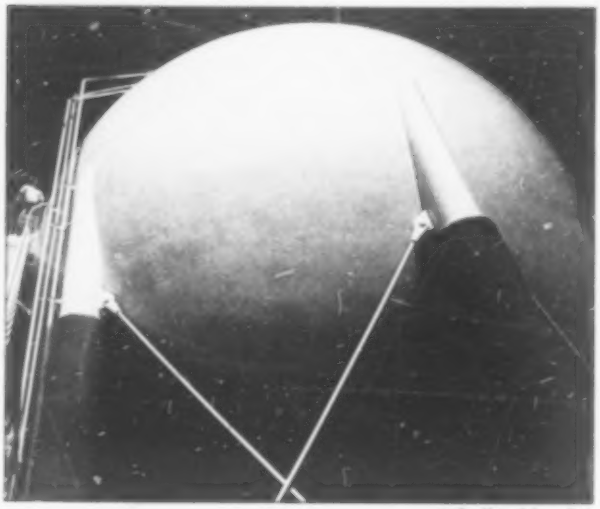

Grafton M. Smith/Image Bank

on a customer-by-customer basis as supply came back and prices fell. So, in 1983, with the Federal Energy Regulatory Commission's blessing, suppliers began selling gas directly to industries and utilities, with the pipelines carrying it for a fee.

These pipeline transportation contracts now cover about 25% of all gas in U.S. pipelines. They can account for up to 40% of operating income for companies such as Houston-based Transco Energy.

Most important, they have brought about a spot market in natural gas. "We sincerely believe the environment we're operating in now is market-driven," says Thomas F. McLarty, chairman of integrated Arkla, Inc.

The FERC wants to push the free market further by allowing transportation contracts for all utilities and industries, not just those that can switch to another fuel. Those that could switch, of course, were those the pipeliners and suppliers were in danger of losing. Customers that can't switch have to take the pipelines' natural gas, so they paid higher rates under long-term contracts.

Not surprisingly, the pipeliners are up in arms. The issue is yet to be settled. But no one doubts that change is here. In the old days the pipeline companies could simply tack a reasonable rate of return on the regulated wellhead price and take that to the FERC for approval. Now their profitability is at risk to market forces.

Take Texas Oil & Gas (which recently agreed to merge with U.S. Steel). It leads producer-pipeliners with a five-

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Distributors													
Equitable Resources	66/24	1	23.0%	16.5%	59.4%	11.3%	19	12.0%	-12.1%	2	19.6%	-32.2%	high
Entex	●/●	2	21.3	11.5	78.2	3.7	9	13.8	-9.6	14	9.2	-43.9	high
Commonwealth Energy	33/29	3	16.0	16.7	77.5	6.2	24	11.4	-3.6	3	14.0	-13.4	average
Diversified Energies	●/●	3	16.0	7.2	49.1	1.4	3	17.7	-0.8	17	8.9	-63.4	average
Iowa-Illinois G&E	50/13	5	15.9	15.6	85.4	11.1	30	11.0	-3.7	12	9.9	7.4	very high
Kansas Power & Light	65/22	6	15.8	15.4	82.2	6.3	1	33.3	-11.2	7	11.8	-11.4	very high
Wisconsin P&L	25/7	7	15.8	16.4	72.7	10.7	32	10.2	-2.4	8	11.7	17.0	very high
Brooklyn Union Gas	●/●	8	15.5	15.7	67.5	5.8	6	16.8	-0.8	23	7.0	7.7	very high
No States Power	22/7	9	15.4	15.1	84.1	10.5	18	12.1	0.1	6	13.3	-5.8	very high
Illinois Power	36/20	10	15.1	14.7	89.0	19.6	22	11.9	-7.5	18	8.6	-12.8	high
Wisconsin Public Svc	37/9	11	14.8	15.3	53.4	8.5	23	11.7	-2.1	15	9.2	-3.7	very high
Peoples Energy	●/●	12	14.7	19.8	76.8	4.9	35	8.5	-2.8	30	2.1	13.5	very low
Wisconsin Electric	23/8	13	14.6	15.6	58.7	11.1	31	11.0	-1.6	5	13.9	0.2	very high
Laclede Gas	●/●	14	14.4	18.0	51.1	4.7	13	13.2	-8.5	10	10.7	-3.3	average
Niagara Mohawk Power	23/10	15	14.2	14.2	85.1	14.0	14	13.1	-2.2	16	9.1	-10.7	very high
Rochester G&E	37/19	16	14.1	16.7	96.9	15.1	11	13.7	-4.3	4	13.9	7.3	very high

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year average return on equity of 33.6%. But over the last 12 months it was little more than half that.

An inevitable result of the squeeze is consolidation. Last year Coastal Corp. of Houston acquired American Natural Resources of Detroit; Omaha-based InterNorth acquired Houston Natural Gas; and MidCon Corp., Chicago, itself now the target of a hostile takeover bid, acquired United Energy Resources, Houston. More mergers are expected.

Why have distributors been hurt the least? For a plain political reason. The utilities' customers are the public, and the regulators don't want those rates going through the roof. Historically, state public utility commissions have socked it to "big business"—industrial customers—and gone easier on residential customers.

But eventually the screws will tighten even on distributors, says Arlon Tussing, a Seattle-based energy analyst: "When the wellhead market has been squeezed down as far as it can go, and the market has squeezed out everything superfluous in pipeline margins, only then will they get the full brunt."

Meanwhile, the price of gas keeps falling. It has to stop sometime, but nobody is sure when that will be. Some in the industry think spot prices, which have fallen to around $1.80 per thousand cubic feet from as much as $3 in 1983, could go to $1.50 over the next six months. Then they should stabilize as the oversupply is worked off.

Unless, of course, oil prices continue to fall, taking gas prices with them. It isn't easy going out in the cold. ■

Natural gas

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Iowa Resources	32/ 5	17	14.0%	10.9%	164.1%	7.6%	12	13.3%	–5.0%	28	4.5%	–21.0%	average
Pacific G&E	34/29	18	13.9	15.8	86.1	12.3	27	11.2	15.2	19	8.4	12.9	high
Orange & Rockland	26/13	19	13.7	13.2	66.5	7.4	16	12.7	–3.8	24	6.6	–5.3	very high
Baltimore G&E	31/10	20	13.7	14.6	78.9	13.6	25	11.3	–0.6	11	10.4	–7.3	very high
Scana	33/14	21	13.2	14.6	114.9	10.0	8	15.6	3.7	20	8.0	–6.3	high
Central Ill Pub Svc	24/ 4	22	13.2	11.4	78.0	10.0	29	11.0	0.7	26	5.2	–4.7	average
Dayton Power & Lt	30/ 4	22	13.1	12.8	90.3	11.6	17	12.4	–1.6	27	5.1	11.5	low
Montana Power	27/27	24	12.9	9.8	104.9	11.4	37	5.9	10.3	33	–2.3	3.1	very low
Cincinnati G&E	36/ 6	25	12.7	14.2	99.8	10.8	20	12.0	–2.5	31	2.0	15.5	very low
Public Service Colo	32/NA	26	12.7	12.7	78.8	7.5	9	13.8	–0.3	13	9.5	–6.0	high
Louisville G&E	35/ 9	27	12.6	14.0	86.0	10.9	15	13.1	1.1	21	7.0	2.4	average
Public Service E&G	32/11	28	12.4	14.0	82.8	12.1	28	11.2	2.4	25	6.2	–2.5	average
Washington Gas Light	●/●	29	12.3	14.5	85.0	5.3	5	17.2	–10.8	9	11.0	–6.8	high
Wicor	77/75	30	10.8	12.0	74.4	2.6	2	17.9	–2.2	29	2.8	–26.6	very low
Eastern Gas & Fuel	46/59	31	10.6	def	72.0	def	36	8.4	–3.7	35	–16.7	P-D	average
Atlanta Gas Light	●/●	32	10.5	11.7	99.3	2.5	4	17.4	–5.0	21	7.0	–19.1	low
Consumers Power	46/20	33	10.0	1.8	109.9	2.4	33	9.5	0.0	34	–13.7	P-D	average
UGI	56/87	34	9.3	7.3	54.7	3.4	7	16.0	–10.7	36	–34.0	–2.1	average
No Indiana Pub Svc	50/14	35	8.7	6.8	94.3	5.4	26	11.3	–7.2	32	–1.8	–42.2	very low
Southern Union	●/88	36	8.7	def	78.8	def	38	1.7	–42.5		NM	P-D	NM
Primark	●/●	37	7.9	12.7	96.0	2.7	21	11.9	–16.6	1	36.6	–14.3	very high
Nicor	84/●	38	4.9	def	105.7	def	34	8.9	–1.9		NM	P-D	NM
Medians			13.7	14.1	82.5	7.6		12.0	–2.5		8.2	–6.2	
Integrated													
Arkla	●/●	1	18.3%	9.8%	91.6%	4.5%	8	10.0%	–16.9%	7	–0.9%	–25.0%	very low
InterNorth	●/●	2	16.6	13.0	55.0	2.2	1	22.6	80.2	4	3.0	–16.7	very low
Enserch	49/49	3	16.0	0.3	67.9	0.8	9	9.6	–5.9	10	–9.5	–95.7	low
Oneok	88/79	4	15.9	9.5	81.3	3.6	7	10.2	–10.2	8	–1.7	–19.1	very low
Questar	●/●	5	15.2	12.7	54.9	8.3	3	14.7	0.6	1	14.3	–11.8	high
Consol Natural Gas	●/●	6	14.8	13.9	52.0	5.9	5	11.6	–8.0	3	11.9	–6.6	very high
KN Energy	●/●	7	14.7	11.6	74.2	4.0	10	8.4	–7.9	5	1.2	–23.8	very low
Pacific Lighting	84/75	8	13.8	10.2	88.5	2.9	2	15.7	9.1	6	1.0	2.3	very low
National Fuel Gas	●/●	9	13.4	15.1	74.5	4.8	4	12.2	–12.1	2	12.7	–7.3	high
Columbia Gas System	●/81	10	12.8	def	76.7	def	6	10.6	–17.9	9	–3.5	P-D	low
Medians			15.0	10.9	74.2	3.8		11.1	–8.0		1.1	–17.9	
Industry medians			14.2	12.7	78.8	5.4		12.0	–3.7		6.4	–12.3	
All-industry medians			13.7	12.7	36.6	3.8		6.9	4.3		0.3	–6.0	

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OIL

Bad news makes the headlines; the favorable indications go largely unnoticed.

By David Henry

BACK IN BLEAK 1983, First City National Bank of Houston came up with the motto "Stayin' Alive 'Til '85." After all, the recession had been the problem, as everybody knew. When the economy recovered, so would the price of oil.

Now even bleaker 1985 has come and gone. "There was an end to any optimism that a market upturn would bail them out," says Jay Courage, a partner in Simmons & Co. International, the Houston investment banker. The oil companies are facing up to reality.

The majors wrote down $2 billion through the third quarter alone, wiping out a fifth of their profits. Phillips and Unocal did it under threat of takeover by T. Boone Pickens, some others to forestall that threat.

Mobil's earnings dropped 38% from 1984 and Texaco's fell 67%. Atlantic Richfield had a $454 million loss for the 12 months ended Sept. 30. That came after announcing a $1.3 billion writeoff in April in connection with its planned withdrawal from refineries and 4,000 gas stations in the East.

"Most of the industry's dislocation is falling on oil service companies," says Courage. They are entering their fifth depressed year, with no relief in sight.

Hughes Tool Co.'s weekly active-rig count averaged about 1,990 in 1985, down 18% from a year earlier and half the 1981 peak. This year it will be down another 7%, says Hughes economist Isaac Kerridge.

Sam Albright, oilfield services analyst for Kidder, Pea-

Oil

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
International oils													
Occidental Petroleum	45/●	1	20.1%	12.7%	89.3%	4.1%	2	11.9%	-9.9%	7	-31.2%	-17.6%	average
Exxon	●/●	2	19.8	15.8	17.7	5.2	5	0.4	-4.6	1	2.9	-15.1	very low
Chevron	●/●	3	16.2	9.3	87.9	3.4	7	-5.5	44.4	4	-7.0	-8.4	low
Phillips Petroleum	84/●	4	16.1	8.3	42.9	2.7	3	8.3	1.6	3	-5.5	-38.5	average
Mobil	79/●	5	14.8	6.6	84.4	1.6	4	2.3	-2.5	5	-11.8	-37.5	average
EI du Pont	51/59	6	12.2	7.6	28.8	2.7	1	27.2	-6.0	2	-2.6	-37.8	very low
Texaco	●/●	7	12.0	2.7	81.6	0.7	6	0.3	31.5	6	-27.8	-66.5	average
Medians			**16.1**	**8.3**	**81.6**	**2.7**		**2.3**	**-2.5**		**-7.0**	**-37.5**	
Other oil and gas													
Standard Oil Ohio	76/●	1	34.5%	16.4%	42.6%	10.9%	16	6.1%	5.9%	5	1.5%	-5.8%	very low
Mitchell Energy	34/56	2	27.1	4.3	169.9	2.8	6	12.9	-7.9	13	-10.9	-66.0	low
Tesoro Petroleum	●/●	3	21.4	def	25.4	def	29	1.3	-26.0	23	-30.4	P-D	average
Holly Corp	85/NA	4	20.9	22.7	0.2	2.6	13	7.3	1.5	1	21.8	-22.1	average
Freeport-McMoRan	25/27	5	20.2	17.5	88.7	15.6	8	9.4	-5.3	16	-12.0	40.9	average

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Graham Marshall Smith/Image Bank

body, thinks it will be even lower—maybe 13%. Albright doesn't foresee 2,500 rigs running again until 1990. It will be at least that long before returns on equity in the services industry match the rest of U.S. industry, he says.

The service companies cut their prices last year, but in many cases it was still cheaper for producers to buy reserves than to look for new ones. (That was what the infamous Texaco-Pennzoil case was all about.) Also discouraging exploration were the huge debt loads some companies incurred, either through buying other companies or through buying in their own stock. Money that might have gone for exploration went for debt service.

Abandon hope? Not necessarily. The bright side is that the industry is finally getting tough about its often bloated budgets. Marginal operations are shuttered. Oil service companies are consolidating specific operations to cut costs. Hughes and Dresser have formed a partnership of their pumping services subsidiaries. Baker International is putting together its drilling mud businesses with those of Newpark; NL Industries did three separate combinations with Newpark, Galveston-Houston and Enterra Corp.

If nothing else, reduced asset bases should make it easier for oil companies to show higher returns on equity. Earnings per share should improve in big companies, such as Exxon, Arco and Amoco, that have been buying in their own stock.

Slashes in refining and marketing will help, too. The oil companies closed 28,500 gas stations in the last five years and 40% of the U.S. refineries in operation in 1980.

In the old days those "downstream" operations could be

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Cabot	45/66	6	19.9%	def	46.8%	def	12	7.5%	−19.7%	7	−4.2%	P-D	very low
Amoco	87/●	7	19.8	16.5%	26.8	7.7%	18	5.7	−3.3	3	7.3	1.1%	high
Pennzoil	88/80	8	19.7	10.5	88.1	4.6	30	0.9	−9.3	19	−15.5	−47.2	high
Murphy Oil	●/●	9	19.3	8.5	25.9	3.8	15	6.7	1.8	6	−1.8	−13.7	very low
Unocal	88/88	10	18.2	12.4	22.3	5.7	20	5.2	2.6	4	4.6	−2.9	low
Atlantic Richfield	86/●	11	17.9	def	38.6	def	17	6.0	−12.4	15	−11.1	P-D	low
Mapco	80/52	12	17.4	17.8	56.2	7.1	5	14.3	−11.9	11	−7.6	69.2	low
Louisiana Land	●/●	13	16.9	15.9	74.2	8.0	11	7.7	−10.6	14	−11.0	9.4	average
Southland	38/ 4	14	16.3	16.5	71.6	1.6	1	24.1	4.3	2	11.9	25.0	very high
Sun Company	89/81	15	15.3	4.8	44.9	1.8	19	5.7	−9.8	12	−8.6	−45.4	low
Tenneco	27/44	16	14.6	6.6	75.4	3.1	23	4.8	1.0	9	−5.9	−42.7	average
American Petrofina	85/61	17	13.2	6.4	70.5	1.8	26	3.8	7.5	18	−14.7	−25.5	high
Coastal Corp	NA/NA	18	12.8	15.8	191.6	1.6	14	6.9	6.6		NM	−4.9	NM
Pacific Resources	●/●	19	12.0	11.7	95.1	1.3	2	23.9	−20.1		NM	D-P	NM
Quaker State Oil	79/●	20	12.0	10.2	39.9	3.0	22	5.0	3.4	8	−5.3	−10.7	very low
Union Pacific	46/27	21	11.9	10.8	41.0	6.5	4	15.0	−2.6	10	−6.6	47.5	low

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left alone to muddle through on upstream profits from production. Now, says George Babikian, president of Atlantic Richfield's refining-marketing company, Arco Petroleum Products, "The industry has realized it must cut costs to survive in this tough environment."

Some shut-down refineries were replaced by more efficient catalytic crackers. Total capacity was cut by 16% over the past four years. What remains is more efficient and profitable, says Charles Maxwell of Cyrus J. Lawrence.

That means operating profitability should be turning up, and John Gehman, editor of *Energy Performance Review*, says it already has. Gehman says earnings from continuing petroleum operations of ten major companies were up 4% through the third quarter, all from downstream savings.

Arco improved its refining and marketing profits by 26% in the first nine months, Gehman says, Exxon by 75%, Mobil, 83% and Amoco, 78%.

Profitability in exploration and production fell again, says Gehman, but the decline, about 7%, was not as great as the 10% drop in crude oil and natural gas liquids prices over the same period.

Inventories were cut, too, to protect against falling oil prices. For example, supplies of medium-weight fuel products, like heating and diesel oils, were at a 25-year low last fall. Result: Heating oil prices at the end of the year were up a surprising 9% from a year earlier.

With OPEC falling to pieces, crude prices could tumble further. But that could hurt the tax collector as much as the oil company because so-called windfall profits would fall sharply. The oil outlook isn't rosy, but it is probable that the pessimism is currently as overdone as was the optimism of only a few years back.

Oil

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Amerada Hess	●/●	22	11.7%	3.9%	72.0%	1.3%	27	3.1%	–11.2%	22	–22.0%	–56.2%	high
Kerr-McGee	76/●	23	11.2	4.3	34.8	2.2	25	4.1	–6.3	20	–15.8	–36.9	average
Diamond Shamrock	73/69	24	9.2	def	46.0	def	7	11.8	–10.1		NM	D–D	NM
Penn Central	30/37	25	8.8	7.5	17.5	4.8	3	15.1	–1.1		NM	486.5	NM
DeKalb AgResearch	25/58	26	8.8	5.3	35.5	3.5	21	5.1	–12.9	17	–14.3	–31.7	average
National Distillers	26/28	27	8.2	4.8	30.4	2.7	24	4.6	–33.0	21	–19.3	–29.7	high
Ashland Oil	62/47	28	5.9	13.4	57.3	1.9	28	3.1	–4.4		NM	D–P	NM
Crown Central Pet	82/68	29	2.7	7.7	47.3	1.1	9	9.4	–16.0		NM	D–P	NM
United States Steel	51/81	30	1.7	2.5	104.8	1.3	10	8.7	–0.6		NM	D–P	NM
Tosco	●/DD	31	def†	def	NE	def	31	0.2	–14.4		NM	D–D	NM
Charter	●/●	32	def	def	NE	def	32	–2.4	–52.7		NM	D–D	NM
Medians			**13.9**	**7.6**	**45.5**	**2.4**		**6.1**	**–7.1**		**–13.2**	**–27.6**	
Oilfield services													
Pioneer	68/●	1	32.1%	16.8%	34.6%	15.0%	21	–5.7%	5.6%	1	11.7%	–51.1%	low
LB Foster	57/65	2	31.5	1.6	88.6	0.5	17	–4.0	–2.8		NM	–69.2	NM
Schlumberger	60/87	3	30.6	15.1	13.8	16.8	4	9.0	6.2	2	9.4	–10.7	average
Zapata	66/66	4	17.0	0.5	121.9	0.9	20	–5.7	–9.1	3	2.8	–91.6	very low
Global Marine	●/PD	5	16.5	def	200.9	def	2	23.0	–3.9		NM	D–D	NM
Baker International	75/85	6	16.5	8.7	42.6	4.6	5	8.7	3.9		NM	25.0	NM
Halliburton	71/●	7	16.4	1.2	14.2	0.8	18	–4.3	–8.9	4	–6.3	–87.7	very low
Reading & Bates	48/52	8	16.0	def	61.6	def	11	3.8	–24.3	8	–26.4	P–D	low
Western Co No Amer	●/DD	9	15.7	def	149.7	def	3	13.0	–7.9		NM	D–D	NM
Big Three Industries	46/41	10	15.4	1.9	35.0	1.4	8	6.1	8.3	5	–6.9	–77.6	very low
Kaneb Services	68/●	11	14.4	3.2	91.8	4.5	7	6.9	–40.4		NM	D–P	NM
Gearhart Industries	●/●	12	14.0	2.0	41.1	1.0	1	23.8	90.6	7	–20.3	–62.5	average
GEO International	76/DD	13	13.9	def	60.8	def	10	5.4	–5.7		NM	D–D	NM
Parker Drilling	83/DD	14	10.8	def	79.2	def	19	–4.9	13.6		NM	D–D	NM
Tidewater	●/DD	15	10.6	def	67.3	def	14	1.5	–12.3		NM	D–D	NM
Dresser Industries	36/38	16	10.5	4.7	21.8	2.2	15	–0.5	15.8	9	–38.5	19.2	average
Cameron Iron Works	75/85	17	9.5	2.8	52.0	1.7	13	2.5	11.5		NM	D–P	NM
NL Industries	65/ 8	18	9.4	def	39.1	def	22	–7.7	1.8		NM	P–D	NM
Hughes Tool	●/DD	19	8.7	1.5	37.3	1.2	9	5.5	10.2		NM	D–P	NM
McDermott Intl	31/DD	20	7.9	def	60.9	def	16	–2.3	10.1	6	–16.6	P–D	very low
Smith International	●/●	21	7.3	def	52.3	def	12	3.2	–0.2		NM	P–D	NM
Masco Industries	24/ 2		NA	20.8	239.7	4.8	6	8.7	9.3		NA	NA	NA
Medians			**14.4**	**1.4**	**56.6**	**0.9**		**3.5**	**2.9**		**NM**	**–91.6**	
Industry medians			**14.7**	**4.8**	**47.3**	**1.8**		**5.5**	**–3.3**		**–16.2**	**–42.7**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

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PACKAGING

Sometimes the best offense is a strategic retreat. Look at the glassmakers—earnings up, capacity down.

By Mary Kuntz

THE PACKAGING INDUSTRY IS ACTUALLY four industries—paper, glass, plastics and metals—all in fierce competition with one another. Many paper companies on the list also show up in the paper industry; to see how they are doing, turn to page 196.

The steady advance of plastics is driving this industry. Plastic containers are replacing glass bottles and invading the paper container market. So far, the metal can makers haven't been affected as much, but that doesn't mean their turn won't come.

The first plastic soft drink bottle appeared in grocery stores nine years ago, and the glass business hasn't been the same since. The retreating glassmakers are struggling to close furnaces fast enough to overtake their dwindling demand. They made progress in 1985. Glass bottle demand continued to decline, by about 5% through the first half of the year alone, but capacity declined faster, and earnings rebounded.

Even Kerr Glass, which ran deficits two years in a row, broke into the black in the second quarter. Return on equity at Ball Corp., Brockway and Owens-Illinois exceeded their five-year averages, thanks in part to their success in shutting down excess glass capacity. Anchor Hocking, which lost money over the last 12 months, faces different problems. Its consumer glassware competes with low-priced imports buoyed by the strong dollar.

The glass producers must keep winding down because demand will almost certainly continue to decline this year. In fact, they have long since begun to diversify. For example, Owens-Illinois, which stands 16th in profitability on our lists, now derives less than half its revenues from glass. In 1985 Owens pushed even further afield by

Packaging

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Jefferson Smurfit	72/NA	1	55.7%	17.8%	100.8%	3.1%	3	25.6%	-2.0%	1	47.3%	-3.6%	average
Tyco Laboratories	44/28	2	22.9	18.2	8.2	4.9	4	24.5	-4.9	11	-1.1	-6.0	very low
Fort Howard Paper	29/NA	3	22.6	18.1	17.6	11.1	1	29.4	5.5	3	13.6	15.4	very high
Sonoco Products	74/60	4	17.3	18.4	12.1	5.8	7	11.4	13.8	6	7.0	15.8	average
Avery International	●/●	5	16.7	18.0	27.9	5.3	8	10.0	0.7	2	13.7	6.9	high
Ball Corp	70/70	6	16.7	17.0	38.9	4.6	5	12.3	5.1	5	11.9	11.1	very high
Pittway	30/28	7	16.2	12.6	4.6	5.6	6	11.5	10.2	7	4.8	-3.2	low
Federal Paper Board	29/ 8	8	15.3	6.8	105.9	2.2	11	7.7	15.2	9	0.5	-63.6	very low
Union Camp	38/ 6	9	14.8	8.8	47.1	6.0	14	5.5	-2.8	10	-0.2	-38.3	very low
Dennison Mfg	54/50	10	14.8	11.8	22.4	4.1	10	8.5	-2.8	8	4.4	-21.1	low
Stone Container	●/NA	11	12.7	3.7	159.0	1.0	2	26.9	-0.5		NM	-39.9	NM
Crown Cork & Seal	●/●	12	11.3	14.4	3.7	4.8	20	-1.3	6.3	12	-2.8	36.7	very low
Bemis	69/57	13	10.7	12.3	40.0	2.9	16	3.0	2.4	13	-4.6	38.4	very low

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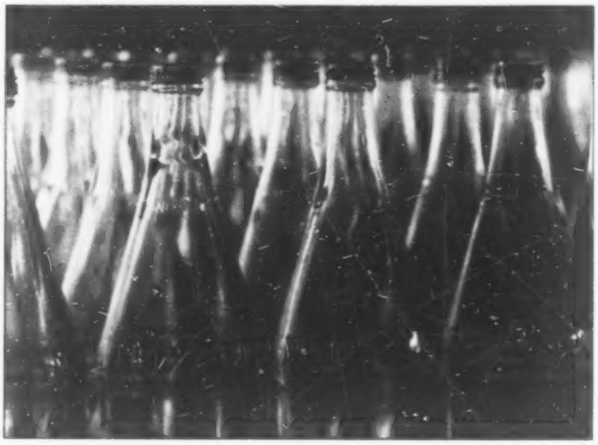

acquiring Alliance Mortgage Co. for $125 million.

Dorsey Corp., once a prominent glassmaker, saw the writing on the wall four years ago and bailed out of glass entirely to concentrate on plastics. After millions in write-offs and three years of weak plastics prices—albeit strong demand—Dorsey is on track. Both earnings and return on equity were up in 1985. Now the misfortune of its former peers in the glass business is Dorsey's bonanza.

Another option for glassmakers is to invade the canmakers' business. Metal cans now account for half of sales at Ball, for example. One customer, Anheuser-Busch, accounts for over one-fourth of total sales. Last year Ball spent $16 million to expand annual capacity to 2 billion cans and extended its contract with Anheuser-Busch another five years.

For canmakers 1985 was a good year. Earnings were up at Crown Cork & Seal, American Can and Ball, and return on equity at all three exceeded their five-year averages. Can shipments climbed about 3%, and manufacture by end users, a continual problem, declined because of the high cost of producing new solderless cans. Also, the fight for market share in the brewing industry didn't leave enough capital for brewers to run can plants. Prices of aluminum and steel were flat or even slightly down. Bad news for the metals industry but good news for canmakers.

But they shouldn't get complacent. Plastic has terrorized all other parts of this industry. Now Dorsey, Coca-Cola and two European packagers are test-marketing a plastic soft drink can. Can the plastic beer can be far away?

National Can is gone from our list this year, swallowed by the takeover shark Triangle Industries (FORBES, *Nov. 4, 1985*). To protect themselves, packagers like Crown Cork & Seal, Dorsey and International Paper bought back shares and put in antitakeover measures. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Mead	**30/23**	**14**	8.6%	10.7%	54.7%	3.8%	**18**	-0.6%	3.0%		NM	-24.2%	NM
International Paper	**45/24**	**15**	8.6	def	28.2	0.3	**19**	-1.3	-3.1	**15**	-26.8%	P-D	average
Owens-Illinois	**80/75**	**16**	8.6	10.8	40.1	4.1	**21**	-1.4	5.7	**14**	-9.1	6.2	very low
Dorsey	**65/38**	**17**	8.4	11.3	67.5	1.7	**17**	1.9	6.2		NM	14.3	NM
Boise Cascade	**30/35**	**18**	6.0	3.8	74.5	1.6	**15**	4.9	-1.6	**16**	-27.3	-50.3	average
Longview Fibre	**53/18**	**19**	5.8	7.9	81.4	3.6	**13**	5.6	-1.2	**4**	12.9	-42.4	very low
Brockway Inc (NY)	**●/●**	**20**	5.3	7.9	65.3	1.7	**9**	9.1	10.0	**17**	-41.0	D-P	average
American Can	**44/26**	**21**	3.5	9.6	42.3	4.4	**24**	-8.3	-14.9		NM	14.3	NM
Anchor Hocking	**25/PD**	**22**	3.0	def	27.8	def	**22**	-3.5	5.6		NM	P-D	NM
Kerr Glass Mfg	**●/●**	**23**	def	def	38.8	0.4	**23**	-5.0	-0.2		NM	D-D	NM
Temple-Inland	**52/46**		NA	11.2	31.7	7.2	**12**	6.6	-0.5		NA	NA	NA
Industry medians			**11.3**	**11.0**	**39.5**	**4.0**		**6.1**	**1.6**		**-2.8**	**-4.8**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

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PAPER

The paper companies say they have taken the pledge: no more wild expansion.

William Rivelli/Image Bank

By Christopher Power

"I'VE BEEN IN THIS BUSINESS 38 years," says Richard Congreve, group vice president for pulp, paperboard and packaging at Potlatch Corp., "and the industry has never been able to sense just when the market will firm."

Painful, but true. Paper firms historically report sharply higher profits in the third year of a recovery, and 1985 qualified for that prospect. But this recovery has behaved like no other. The strong dollar slammed the door on the paper industry's export market, and let in imports. Result:

Paper

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Jefferson Smurfit	27/NA	1	55.7%	17.8%	100.8%	3.1%	3	25.6%	−2.0%	1	47.3%	−3.6%	average
James River Corp Va	78/NA	2	23.6	16.8	83.0	4.1	1	53.6	3.0	2	18.6	−7.0	high
Fort Howard Paper	63/NA	3	22.6	18.1	17.6	11.1	2	29.4	5.5	3	13.6	15.4	very high
Bowater	78/80	4	20.2	20.2	60.8	8.4	18	5.5	−0.6	13	−1.3	24.2	very low
Pentair	71/78	5	20.0	17.9	56.2	3.9	4	21.0	8.1	7	3.4	−3.9	very low
Consolidated Papers	83/●	6	17.9	25.0	2.8	14.6	12	7.4	7.3	6	3.6	43.8	very low
Media General	31/31	7	17.0	12.0	39.1	6.0	5	14.6	5.7	5	9.8	−11.8	very high
Alco Standard	39/31	8	16.8	11.3	44.7	1.3	7	11.0	12.7	8	2.0	−18.6	average
Federal Paper Board	69/89	9	15.3	6.8	105.9	2.2	10	7.7	15.2	10	0.5	−63.6	very low
Union Camp	38/84	10	14.8	8.8	47.1	6.0	16	5.5	−2.8	12	−0.2	−38.3	very low

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Operating rates in most sectors of the business fell below 92%, the level at which, an industry rule of thumb has it, prices start to fall. By the end of the year unbleached kraft linerboard was $275 a ton, down from $340 in 1984. Bleached kraft pulp was down 25%, uncoated free sheet off 20%. Earnings for the industry fell 20% overall in 1985.

Companies with the most international exposure were the worst hit: Great Northern Nekoosa, for example, which could not cut linerboard prices enough to compete with foreign producers; and Mead, which like Great Northern also faced severe overseas competition in pulp.

Companies working harder at cost-cutting than at expansion are in better shape in the current market. Willamette Industries, for example, last year shut down one of its two corrugated container plants to boost operating rates at the other. Since the end of 1984 its Campti, La. paper mill has been extracting the heat from its waste waters before sending it to the plant's effluent ponds. And a headquarters staff of 139, which managed sales of $772 million in 1978, now manages sales of $1.2 billion. The scrimping has paid off: Willamette's return on equity for the latest 12 months actually rose to 15.4%, six points higher than its five-year average and three points better than the five-year median for the industry.

Others that have kept costs down include Scott Paper and Potlatch. All in all, "The industry has done a great job of it," says H.C. Bowen Smith, Salomon Brothers' paper and forest products analyst. "If growth is just a little higher than expected this year, you could get a pleasant surprise in this industry."

If that happens, and there's a fair chance it will, another 10% drop in the dollar would mean a lot. Costs for Swedish linerboard producers have risen three times faster than in the U.S. since 1980, but the surging dollar—and devaluations of the Swedish krona—obscured it. Now imports of such products as coated paper are already falling. Says Potlatch's Congreve: "I can see the Swedes fading away in our Asian markets."

But the industry still faces a lot of problems that a rebound in 1986 will not solve. The strong dollar at its height gave other countries a chance to develop sizable paper industries of their own. It could take years to get back market share the Scandinavians grabbed in Europe.

In pulp production, Brazil probably will increase its capacity 25% by 1989. The Brazilians as well as the Chileans, the Portuguese, the Spanish and the South Africans are now producing pulp for hard currency as much as for profits, and their pricing will be tough.

New materials, meanwhile, are invading the market. Polyethylene plastic, for example, is rapidly replacing unbleached kraft paper for sacks. Cereal boxes once lined with wax paper bags now have waxed cardboard interiors. Result: "The paper industry used to grow at the same rate as the economy," says Salomon's Smith. "Now for every 1% jump in GNP, the industry goes up only 0.8%."

While paper companies are trying to curb growth in commodity capacity, they are putting new investment into more profitable products like uncoated papers used in computer printouts and coated papers used for catalogs, magazines and annual reports. Coated papers earned middling-size Consolidated Papers (sales, $700 million) the best return on equity for the industry in the latest 12 months. But with around 2 million tons of added capacity scheduled to come on line for these products by 1988, papermakers could well drive prices down again if demand, domestic and overseas, does not materialize. ■

Paper

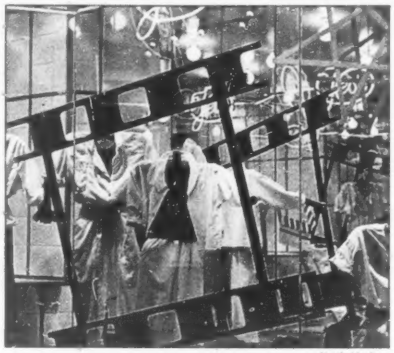
Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Kimberly-Clark	22/33	11	14.7%	16.9%	34.4%	6.8%	8	9.4%	11.5%	16	–4.3%	25.4%	low
Westvaco	●/●	12	12.8	11.1	45.6	6.1	14	5.8	–2.5	9	0.8	–20.7	very low
Gt Northern Nekoosa	●/●	13	12.6	6.1	47.7	3.2	9	8.2	5.1	11	0.3	–52.1	very low
Hammermill Paper	●/●	14	11.1	8.5	55.0	2.2	6	11.1	0.5	14	–2.0	–34.8	very low
Scott Paper	35/51	15	10.1	13.0	40.7	6.8	11	7.4	16.4	15	–3.2	20.2	very low
Willamette Inds	67/●	16	9.1	15.4	54.6	5.7	19	5.4	2.7	17	–12.6	39.4	very low
Mead	69/76	17	8.6	10.7	54.7	3.8	24	–0.6	3.0		NM	–24.2	NM
International Paper	34/43	18	8.6	def	28.2	0.3	25	–1.3	–3.1	21	–26.8	P–D	average
Potlatch	72/●	19	7.3	6.9	47.4	4.5	22	3.7	–3.2	18	–14.1	–7.7	average
Weyerhaeuser	26/56	20	7.2	4.6	36.2	3.1	21	3.7	–0.5	19	–18.8	–43.2	average
Georgia-Pacific	31/33	21	6.3	1.2	62.2	0.7	13	5.9	–1.2	20	–24.1	–88.8	high
Boise Cascade	36/●	22	6.0	3.8	74.5	1.6	20	4.9	–1.6	22	–27.3	–50.3	average
Longview Fibre	37/55	23	5.8	7.9	81.4	3.6	15	5.6	–1.2	4	12.9	–42.4	very low
Champion Intl	42/75	24	4.3	def	76.8	0.2	17	5.5	39.0		NM	P–D	NM
Crown Zellerbach	70/61	25	3.4	def	54.8	def	23	0.2	3.1		NM	P–D	NM
Southwest Forest Inds	56/73	26	def	def	137.0	def	26	–2.1	–3.6		NM	P–D	NM
Industry medians			**11.9**	**9.8**	**54.7**	**3.7**		**5.9**	**2.9**		**–1.7**	**–22.5**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful For further explanation, see page 56.

RETAILING

There are some big profit generators here. But when even Macy's has a downturn, you know things are tough.



Keith Skelton

By Matthew Heller

ROBERT PRICE OF PRICE CO. IN SAN DIEGO has a deal for you: For a small fee—$25—a qualified member can shop for one year at his huge cash-and-carry wholesale stores and be sure of near wholesale prices on everything from microwaves to mittens. Price gets a nice interest-free loan up front, in effect, and locks in his customers at the same time, thereby guaranteeing the large volume he needs to justify those razor-thin margins.

Price's warehouse club concept is only the latest wrinkle in the deep discounting trend that's been sweeping retailing in recent years. But innovative ideas like his are not all that common. Witness the fact that on the Yardsticks, Price Co. tops every one of the 1,004 largest public companies in the U.S. in five-year profitability.

For most retailers, their traditionally competitive business has never been rougher. "Retailing is becoming more and more like a basketball game—all the action is in the last two minutes," says Frank Rooney, chairman of Melville Corp., referring to the Christmas season.

What seems to be happening goes beyond the periodic discounting wave retailers have always been afflicted with and suggests a sea change in American shopping habits. Many Americans are happy to shop in huge concrete-floored warehouses to get a better price, but they also want to be pampered with lots of attention in specialty shops.

Adjusting to such conflicting trends isn't easy. Look at the sharp downturns at firms like Stop & Shop and K mart, or drug chains like Revco D.S. and Rite Aid that are facing stiff competition from "deep discounters." One of these, Drug Emporium, averages $8 million of business a year per store, vs. about $1 million for the average Revco store.

Pressure like that inspires the sincerest form of flattery in retail chains. Wal-Mart, with Sam's Wholesale Club, has moved into warehouse clubs, and so has Zayre Chair-

Retailing

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Apparel													
Limited	●/●	1	41.6%	44.2%	21.8%	6.0%	1	42.8%	66.5%	1	56.2%	47.8%	very high
Melville	36/NA	2	24.8	20.3	12.2	4.2	3	17.5	7.7	6	12.4	5.5	very high
Gap	●/●	3	20.7	8.6	17.3	1.9	8	10.9	12.2	3	25.1	–42.1	average
United States Shoe	52/39	4	20.2	14.2	10.7	3.4	6	13.8	14.5	7	11.0	–3.5	average
Petrie Stores	●/●	5	20.1	18.4	98.3	5.4	5	14.2	50.9	8	0.6	18.6	very low
Nordstrom	●/●	6	18.3	16.8	55.8	4.1	2	23.4	29.3	4	17.8	18.4	very high
Zayre	29/34	7	15.7	19.0	46.5	2.6	4	16.0	19.9	2	28.7	22.1	very high
Edison Bros Stores	25/46	8	15.5	7.8	14.0	2.6	11	5.6	–22.2	10	–2.7	–50.6	very low
Manhattan Inds	31/25	9	13.8	def	72.4	def	10	8.7	11.8	11	–29.5‡	P–D	very low
Hartmarx	57/32	10	13.2	13.8	36.6	3.8	7	11.4	6.2	5	16.9	1.2	very high
Carter Hawley Hale	26/47	11	9.4	7.3	84.6	1.6	9	9.6	–2.0	9	–0.3	–50.0	very low
Medians			**18.3**	**14.2**	**36.6**	**3.4**		**13.8**	**12.2**		**12.4**	**1.2**	
Catalog showrooms													
Service Merchandise	●/●	1	19.8%	5.2%	59.9%	0.8%	2	18.1%	36.0%	1	16.4%	–66.0%	very high
Gordon Jewelry	26/DP	2	12.3	3.3	7.2	1.7	3	5.4	–1.0	2	–2.7	–69.1	very low
Best Products	●/●	3	10.9	1.5	73.1	0.3	1	23.8	4.7	3	–14.8	–81.8	average
Medians			**12.3**	**3.3**	**59.9**	**0.8**		**18.1**	**4.7**		**–2.7**	**–69.1**	

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man Maurice Segall, who admits he copied Price with warehouse clubs in the Northeast. Segall simply redefined Zayre's original corporate concept and found that warehouse clubs fit well with traditional discount stores and off-price clothing (T.J. Maxx and Hit or Miss). "The days of the one-kind-of-store company are just about over," says Segall. "We have positioned our company as a diversified retailer in mass retailing—value-based, high turnover, high volume, low margin. It is very self-contained, very defined." It seems to be working. Among the discounters, only Wal-Mart had better earnings growth in 1985.

Other retailers are seeking protection from the deep discounters in specialty niches. The classic example is the five-and-dime chain, F.W. Woolworth. It's now one of the country's largest shoe retailers, and small specialty stores will provide the bulk of its profits by the end of fiscal 1986. Woolworth's dramatic turnaround on the Yardsticks last year is eloquent testimony to the success of that strategy.

Old-line department stores are also moving into specialty outlets. By 1990 Allied Stores plans to open another 100 stores like its Ann Taylor and Catherine's Stout Shoppes, which already account for about 20% of sales. Acquisitive Lucky Stores, already in automotive supply, increased its stake in the long-neglected fabrics business by acquiring the 104-store Minnesota Fabrics chain. It saw the chance to enter new markets and pick up share once held by department stores now out of that business.

Or take Dayton-Hudson. Two years ago D-H appeared in our lists under department stores. Now 74% of its profits come from its Target and Mervyn's discount chains, and in October the company announced a $4 billion capital program to expand discount and specialty operations.

Retailing

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Department stores													
RH Macy	●/●	1	21.4%	16.3%	14.0%	4.3%	4	14.2%	7.5%	2	21.1%	–15.6%	very high
Lucky Stores	25/13	2	19.2	17.5	61.3	1.1	12	9.5	6.5	12	–0.3	12.8	very low
Dillard Dept Stores	●/●	3	18.6	19.8	70.4	3.9	1	25.2	49.3	1	40.5	32.0	very high
Mercantile Stores	●/●	4	16.3	15.0	28.0	5.0	7	10.9	6.8	4	17.5	4.2	very high
May Dept Stores	68/72	5	16.0	17.3	41.2	4.4	10	9.8	10.2	5	14.6	9.3	very high
Federated Dept Strs	67/89	6	14.6	13.1	27.9	3.3	8	10.8	8.0	10	8.5	11.0	average
Allied Stores	●/●	7	12.8	15.3	70.9	3.9	5	13.8	5.7	9	9.9	25.5	high
JC Penney	79/NA	8	12.7	10.1	54.7	2.9	13	3.0	2.3	8	13.3	–18.6	high
Strawbridge	●/●	9	12.5	16.0	125.8	3.7	6	11.5	12.5	3	20.1	16.6	high
Assoc Dry Goods	61/73	10	11.8	12.2	33.8	2.8	2	19.6	9.5	6	13.6	–0.7	very high
Carson Pirie Scott	50/45	11	10.8	13.4	104.2	2.0	3	19.6	23.2	11	4.2	132.5	very low
Sears, Roebuck	67/57	12	10.6	10.7	87.4	2.9	9	10.4	4.6	7	13.5	–19.9	average
Carter Hawley Hale	73/52	13	9.4	7.3	84.6	1.6	11	9.6	–2.0	13	–0.3	–50.0	very low
Equitable of Iowa	41/2	14	7.0	4.3	9.2	2.6	14	2.7	4.9	14	–15.0	–10.2	average
Alexander's	●/●	15	1.4	7.4	87.0	1.0	15	1.9	0.5		NM	24.7	NM
Medians			**12.7**	**13.4**	**61.3**	**2.9**		**10.8**	**6.8**		**13.3**	**9.3**	
Discount and variety													
Wal-Mart Stores	●/●	1	34.9%	30.7%	49.6%	3.9%	1	39.9%	32.2%	1	43.0%	24.1%	very high
SCOA Industries	84/●	2	24.8	22.6	88.5	2.9	8	10.4	5.1	8	9.3	9.8	very high
Ames Dept Stores	●/●	3	23.1	19.7	60.6	3.1	2	20.1	30.8	5	23.5	19.4	very high
Stop & Shop Cos	48/73	4	19.2	12.8	52.8	1.3	7	11.2	12.8	2	33.6	–26.9	very high
Dayton-Hudson	71/73	5	16.8	16.1	43.2	3.3	4	19.0	12.2	9	9.1	10.3	high
Zayre	70/65	6	15.7	19.0	46.5	2.6	5	16.0	19.9	3	28.7	22.1	very high
Rose's Stores	●/●	7	15.6	14.2	16.6	2.1	6	14.0	9.2	4	28.1	–13.9	high
K mart	●/●	8	13.2	12.4	89.3	1.8	9	10.0	13.4	7	10.5	–23.2	average
Household Intl	26/8	9	12.0	13.6	236.0	2.6	10	9.1	5.3	10	4.7	–4.6	low
Assoc Dry Goods	38/26	10	11.8	12.2	33.8	2.8	3	19.6	9.5	6	13.6	–0.7	very high
Heck's	86/DD	11	9.3	def	89.3	def	11	2.0	6.5		NM	P–D	NM
FW Woolworth	68/39	12	3.5	14.5	35.4	2.6	13	–5.6	3.2		NM	20.6	NM
Cook United	●/DD	13	def	def	NE	def	12	–2.8	–47.7		NM	D–D	NM
Medians			**15.6**	**14.2**	**49.6**	**2.6**		**11.2**	**9.5**		**10.5**	**–0.7**	
Drugs													
American Stores	NA/NA	1	26.8%	26.4%	128.9%	1.4%	1	20.5%	62.0%	1	33.7%	42.0%	high
Rite Aid	89/●	2	23.8	18.4	23.5	4.3	7	11.7	14.6	3	21.3	–15.5	very high
Walgreen	●/●	3	21.7	22.6	12.8	3.0	3	15.5	15.2	4	20.2	10.1	very high
Revco DS	●/●	4	21.3	7.4	9.8	1.3	2	18.9	8.1	5	17.7	–63.9	very high

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For further explanation, see page 56.

But nobody said finding profitable niches was easy. K mart's Designer Depot off-price apparel chain and its Builders Square home improvement centers have yet to help earnings much. Among drug chains, Rite Aid got out of a bad acquisition in toys by selling Circus World.

Certainly nobody is diversifying into high-priced discretionary purchases such as jewelry in these days of mushrooming consumer debt. For the same reason, selling big-ticket TV sets and VCRs proved a disaster for Jack Eckerd Corp., even though Rite Aid's small-ticket videocassette rental business in drugstores is taking off.

Meanwhile, some retailers at the bottom of the Yardsticks seem not to have redefined their strategy or developed new types of outlets. That could be said of Federated Department Stores, which tried to be all things to all people (FORBES, *Apr. 8, 1985*). Carter Hawley Hale, whose earnings declined 50% last year, has similar problems.

Stragglers, of course, make takeover targets. CHH fought off The Limited by effectively mortgaging itself to General Cinema (FORBES, *Jan. 28, 1985*). Federated recently traded at around 71, just 10 times earnings and 127% of book value, despite antitakeover provisions—a tempting target indeed for a raider wanting to make something of valuable parts. Edward Finkelstein, chairman of R.H. Macy, spent Christmas readying his company for its move back into private hands. The steep 16% drop in per-share earnings at its fiscal year-end hasn't helped the traditional profit leader of the department stores.

SCOA Industries was also taken private, and Eckerd is planning to go private after an apparent takeover attempt.

The risk of resting on yesterday's laurels in the midst of today's takeover mania is obvious. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Longs Drug Stores	●/●	5	18.2%	15.8%	0.0%	2.9%	6	11.8%	13.9%	7	8.9%	7.8%	very high
Thrifty Corp	NA/NA	6	17.1	20.7	57.8	2.3	8	8.4	8.1	6	13.7	14.3	very high
Jack Eckerd	●/●	7	16.3	def	18.2	def	4	14.7	–4.4	8	3.7	P–D	average
Sherwin-Williams	30/ 0	8	13.6	17.6	41.8	3.3	5	13.0	6.7	2	27.6	14.9	very high
Medians			**19.8**	**18.0**	**20.9**	**2.6**		**13.9**	**11.0**		**19.0**	**9.0**	
Jewelry													
Jostens	33/NA	1	22.9%	20.3%	7.8%	7.2%	1	11.2%	16.6%	1	10.5%	6.0%	very high
Gordon Jewelry	73/●	2	12.3	3.3	7.2	1.7	2	5.4	–1.0	2	–2.7	–69.1	very low
Kay	26/64	3	8.9	16.0	178.6	0.8	4	–1.7	–21.8		NM	123.9	NM
Zale	●/●	4	8.8	6.0	56.3	2.6	3	1.7	2.2		NM	–27.9	NM
Medians			**10.6**	**11.0**	**32.1**	**2.2**		**3.6**	**0.6**		**–2.7**	**–11.0**	
Shoes													
Melville	31/NA	1	24.8%	20.3%	12.2%	4.2%	1	17.5%	7.7%	1	12.4%	5.5%	very high
Brown Group	40/NA	2	17.1	7.8	17.1	2.1	2	6.7	–7.0	2	9.2	–52.0	high
Edison Bros Stores	48/37	3	15.5	7.8	14.0	2.6	4	5.6	–22.2	3	–2.7	–50.6	very low
Morse Shoe	80/60	4	9.8	6.2	33.5	1.5	3	6.2	2.7		NM	–38.3	NM
Genesco	45/61	5	5.6	def	105.1	def	5	–5.4	–8.0		NM	P–D	NM
FW Woolworth	24/43	6	3.5	14.5	35.4	2.6	6	–5.6	3.2		NM	20.6	NM
Medians			**12.7**	**7.8**	**25.3**	**2.4**		**5.9**	**–2.2**		**–2.7**	**–44.5**	
Miscellaneous													
Price Co	●/●	1	63.8%	45.1%	75.7%	2.5%	1	74.1%	61.6%	1	80.4%	59.8%	very high
Tandy	NA/NA	2	40.1	19.3	41.7	6.6	5	18.7	5.3	5	29.3	–16.2	very high
Circuit City Stores	●/●	3	26.8	22.8	31.3	3.4	2	35.7	40.8	3	44.0	17.7	high
Toys "R" Us	●/●	4	24.9	18.7	14.9	6.2	4	29.3	25.4	4	32.2	12.7	very high
General Host	61/60	5	19.3	41.8	67.9	17.2	11	–0.3	–15.4	2	62.8‡‡	500.0+	average
Payless Cashways	●/●	6	18.9	13.7	62.8	2.7	3	30.2	35.1	8	19.6	–12.1	high
Lowe's Cos	●/●	7	16.2	17.8	27.1	3.3	6	14.4	18.6	7	21.8	7.0	high
Edison Bros Stores	25/15	8	15.5	7.8	14.0	2.6	8	5.6	–22.2	9	–2.7	–50.6	very low
WR Grace	26/11	9	13.8	7.1	68.6	2.3	10	3.5	6.4	10	–8.5	–20.3	low
Sherwin-Williams	40/38	10	13.6	17.6	41.8	3.3	7	13.0	6.7	6	27.6	14.9	very high
Beneficial Corp	27/16	11	4.4	9.0	399.3	4.0	13	–7.7	–13.6		NM	–18.2	NM
Evans Products	74/●	12	def	def	260.0	def	12	–1.5	–15.1		NM	D–D	NM
Wickes Cos	48/56	13	def††	25.9	159.5	0.6	9	4.3	11.7		NM	D–P	NM
Medians			**16.2**	**17.8**	**62.8**	**3.3**		**13.0**	**6.7**		**21.8**	**–2.6**	
Industry medians			**15.6**	**14.2**	**43.2**	**2.6**		**11.2**	**7.7**		**11.0**	**0.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

SURFACE TRANSPORTATION

Henley & Savage Photo UNIQUE

Why is railroad deregulation one of the great success stories, while the truckers are still in turmoil?

By David Henry

When the Burlington Northern railroad added all its costs for building a new 110-mile line into the coalfields of Wyoming's Powder River Basin a few years ago, it found it had spent a million dollars a mile. Locomotives cost another million or so each. Hardly worth it. Better to buy somebody else's tracks and locomotives than build your own.

Surface transportation

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Railroads													
CNW	●/●	1	23.2%	def	165.7%	def	8	1.1%	-2.3%		NM	P-D	NM
Kansas City Southern	70/77	2	16.0	15.7%	43.0	13.0%	3	11.2	1.7	1	11.4%	52.1%	high
American Standard	22/17	3	14.7	12.6	44.6	3.5	7	1.8	10.2	8	-17.9	20.7	average
Norfolk Southern	●/●	4	13.5	10.9	19.2	13.5	6	2.3	2.8	5	-2.1	2.8	very low
Burlington Northern	46/65	5	12.8	13.4	50.4	7.2	1	16.7	7.8	2	7.6	7.9	average
Union Pacific	50/61	6	11.9	10.8	41.0	6.5	2	15.0	-2.6	7	-6.6	47.5	low
Santa Fe Southern	74/32	7	10.9	7.6	28.9	6.7	5	3.7	-0.8	3	0.8	-1.6	very low
CSX	63/64	8	10.8	8.3	46.8	5.6	4	10.3	-5.1	4	-1.6	-19.5	very low
Amsted Industries	30/26	9	9.6	7.9	0.0	4.2	11	-10.1	11.9		NM	20.2	NM
IC Industries	24/30	10	8.6	7.9	92.2	2.8	9	0.6	12.9	6	-3.9	-33.8	very low
GATX	25/63	11	4.1	def	276.1	def	10	-2.8	-13.9		NM	D-D	NM
Medians			**11.9**	**8.3**	**44.6**	**5.6**		**2.3**	**1.7**		**-3.9**	**2.8**	
Truckers													
Roadway Services	●/●	1	20.7%	14.6%	0.0%	5.5%	6	5.1%	9.5%	4	11.5%	-13.9%	very high
IU International	59/DP	2	18.8	def	119.8	def	11	-1.7	5.9	9	-33.7	P-D	low
Ryder System	●/●	3	18.4	15.4	142.5	4.5	3	11.5	-1.7	3	11.8	-11.0	high
Consol Freightways	●/●	4	17.7	14.2	11.3	4.2	10	-1.7	16.1	5	2.7	15.9	very low
Leaseway Transport	●/●	5	14.8	8.7	122.8	1.8	5	8.4	8.7	6	-7.5	-25.3	average

●90% or more **DD**: Segment deficit, total deficit **DP**: Segment deficit, total profit **PD**: Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four year growth ††Three year average ‡‡Three year growth For further explanation, see page 56.

Compare that to the entry costs of the guy who goes into the trucking business by putting a mortgage on his house, and you have put your finger on the fundamental difference between these two deregulated industries. It's prohibitively expensive to get into the railroad business. It's ridiculously easy to become a trucker.

True, when the Interstate Commerce Commission reduced its supervision of most rates between 1978 and 1981, the railroads were forced to start competing with each other on prices and costs. But the competitors were basically the same players. There were no new, nonunion, low-cost providers rushing in with new railroad tracks.

That's a major reason the railroads avoided the turmoil still plaguing parts of the trucking industry. Once they were allowed to pursue consolidation without worrying about new competitors, the railroads stopped going broke. Railroad deregulation has been one of the great success stories of U.S. business. In fact, the ICC figures that pure railroads—as distinct from the conglomerates on our list such as IC Industries, Union Pacific and Santa Fe Southern Pacific—had a return on investment of 4.6% for the 12 months ended Sept. 30, 1985.

Not so the trucking industry. Nobody knows for sure how many new players have rushed in since 1978, but ICC reports indicate they may have doubled. Once-protected profit margins have tumbled, diminishing the Teamsters' power as well. Trucking company failures may be running 50% higher than the rate of businesses in general. (In 1984, according to the American Trucking Associations, 28% of the carriers registered with the ICC were operating at a loss. It looks as if it was even worse in 1985.)

But study the tables and you'll find some trucking companies making good money. These mostly specialize in the less-than-truckload (LTL) side of the business. Serving customers whose shipments do not fill entire trucks requires lots of terminals and freight consolidation centers to sort different shipments and put them into trucks headed in the same direction. In short, this is the side of the business where costs keep out upstart competition.

Yellow Freight System, for example, derives about 90% of its revenues from LTL. In the last 12 months it had a 19.6% return on equity and a 23.7% increase in earnings per share. That was accomplished with over 500 freight terminals, more than twice as many as it had in 1980. Consolidated Freightways has always been in LTL and has consistently shown strong returns.

Ironically, while the trucking companies learn to play the LTL game, the railroads are taking back some full truckloads from them. For decades trucks steadily grabbed market share in surface transportation, but now the railroads believe they have stemmed that trend.

Under deregulation the railroads have been able to put together more trains carrying piggyback truck trailers and ship containers at competitive prices, says Mark Goss, vice president of Freight Distribution Services, Inc., a Burbank, Calif.-based freight broker.

Some of those trailers carry LTL freight, but most are comparable to full trailer loads headed for one destination. As a portion of railcar-loadings, truck trailers and containers on flat cars have increased since 1980 to 13.3% from 7.5%, according to the American Association of Railroads.

As for ship containers, about two dozen overland trains now carry double stacks of ocean ship cargo containers across the country, primarily eastward from the Pacific to the Atlantic. The shipping companies find that cheaper and more competitive than carrying only one layer. Sinking in overcapacity (FORBES, *July 29, 1985*), they need whatever savings they can find. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Yellow Freight System	●/●	6	12.6%	19.6%	23.0%	3.6%	4	10.1%	15.3%	2	18.3%	23.7%	average
Transway Intl	71/72	7	10.4	12.6	35.6	2.7	9	-0.1	2.3	7	-8.0	0.3	low
RLC	●/●	8	9.7††	5.6	225.5	1.6	7	2.6	2.1	8	-18.5	-60.2	average
Arkansas Best	78/60	9	9.2	18.3	52.8	2.6	2	11.7	12.3		NM	21.8	NM
Dorsey	32/52	10	8.4	11.3	67.5	1.7	8	1.9	6.2		NM	14.3	NM
Minstar	69/33	11	5.8	13.5	258.4	1.6	1	46.6	54.3	1	242.6‡‡	-21.0	very high
Medians			12.6	13.5	67.5	2.6		5.1	8.7		-7.5	-11.0	
Other surface													
McLean Industries	●/●	1	20.2%	def	249.8%	def	1	12.1%	24.5%	2	10.6%‡‡	P-D	very low
Alexander & Baldwin	67/69	2	15.4	18.2%	41.4	16.7%	4	4.8	6.5	3	7.7	24.6%	very low
Greyhound	30/13	3	12.3	10.3	19.5	4.7	6	-16.2	21.8	4	-5.0	21.4	average
Chromalloy American	27/16	4	def	def	83.6	def	5	-12.5	-3.2		NM	D-D	NM
American President	●/●		NA	12.0	52.1	5.6	2	11.5	21.9		NA	-47.2	NA
Sea-Land	●/●		NA	5.1	53.5	2.4	3	6.4	-4.7	1	26.6‡	-43.4	average
Medians			13.9	7.7	52.8	3.6		5.6	14.2		7.7	-45.3	
Industry medians			12.5	10.9	51.3	3.6		4.3	6.4		-3.9	-6.3	
All-industry medians			13.7	12.7	36.6	3.8		6.9	4.3		0.3	-6.0	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth ††Three-year average ‡‡Three-year growth For further explanation, see page 56.

TELECOMMUNICATIONS

In the biggest of all deregulating industries, "everybody's getting into everybody else's pie."

By John Hayes

In September "equal access" will be completed—when all long-distance carriers start paying equal charges to local telephone companies for hooking up long-distance calls. Discounts that were set up to help MCI and GTE's Sprint compete with AT&T will disappear. With a vengeance, the $160 billion-a-year telecommunications industry will enter the age of deregulation.

While long-distance carriers fight it out, regional and local telephone companies are pushing to get into new businesses. "Everybody's starting to get into everybody else's pie," says Montgomery Securities analyst Robert Morris. The now independent Bell regional companies even want to manufacture equipment in competition with Western Electric and to offer long-distance in competition with ex-parent AT&T.

The former Bell companies will probably get much of what they want. Non-Bell independents, for example, have always had the right to offer long-distance service. United Telecom, Southern New England Telephone, Alltel and Rochester Telephone have been in the long-distance business for years, in addition to GTE.

Accordingly, United Telecom is betting $2 billion that it can grab a piece of the long-distance market with a nationwide fiber optics system planned for 1988. Continental has been acquiring nonregulated businesses, such as a telephone equipment distributor and a half interest in a satellite venture. Centel, which is second in five-year return on equity to MCI, has also diversified. So has Southern New England.

Local telephone companies, of course, remain under regulation, and last year state public utility commissions granted only about half of nearly $3 billion in requested

Telecommunications

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Carriers													
MCI Communications	●/●	1	32.1%	9.8%	151.9%	5.1%	1	75.5%	16.5%	1	43.6%‡	194.1%	very low
Centel	57/83	2	17.6	16.2	92.6	9.5	3	12.7	-1.7	4	5.6	5.8	very high
United Telecom	88/●	3	16.0	12.0	105.1	6.7	6	9.7	16.5	7	-0.8	-10.8	very low
Continental Telecom	68/●	4	14.8	17.4	124.9	9.9	2	16.2	4.9	6	4.4	24.3	very high
Alltel	76/●	5	14.5	15.4	130.3	10.1	4	11.9	7.6	5	4.8	10.2	average
GTE	70/●	6	14.4	14.2	110.1	7.1	8	8.2	8.2	3	8.5	-5.7	average
So New England Tel	●/●	7	13.4	12.6	58.3	9.1	5	11.7	4.3	2	8.8	-6.5	high
Western Union	●/DD	8	0.7	def	119.3	def	7	9.6	-0.1		NM	D-D	NM
American Info Tech	●/●		NA	14.6	67.7	11.6		NA	NA		NA	NA	NA
American Tel & Tel	●/●		NA	10.5	57.1	4.6		NA	NA		NA	NA	NA
Bell Atlantic	●/●		NA	14.2	63.2	12.0		NA	NA		NA	NA	NA
BellSouth	●/●		NA	15.3	68.4	14.0		NA	NA		NA	NA	NA
Nynex	●/●		NA	13.7	69.3	10.7		NA	NA		NA	NA	NA

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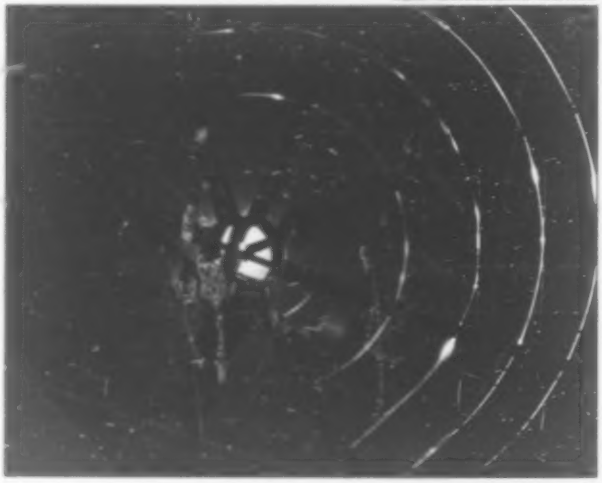

Wilson North/International Stock Photo

rate increases. But, by and large, state utility regulators did not lower allowable rates of return for telephone companies when interest rates fell. That helped earnings as local telephone companies cut personnel and operating costs last year. Thus, it is good news for the industry that some public utilities commissions are deregulation-minded today. In Illinois, for example, any telephone service that is offered by at least two competitors will be free of rate regulation by 1989.

Keep in mind, though, that "deregulating" is not the same thing as "deregulated." As Wertheim's telecommunications analyst Lap Lee puts it, "You can never overestimate the effect a regulator can have—either positively or negatively."

As things now stand, AT&T still dominates this industry. Even with three-fourths of its assets spun off, the market value of AT&T has recovered to about half what it was the week before the divestiture was announced in January 1982. Together, AT&T and the seven regional companies have doubled in market value since then, compared with a 72% increase for the S&P's 500. The old Bell system seems to be a case of the parts adding up to more than the whole.

MCI tops the list for profitability with a five-year return on equity of 32.1%. But for the latest 12 months MCI's return on equity has slipped down to 9.8%, reflecting the huge amount of capital spending needed to compete head-on with AT&T.

GTE's return on equity was 14.2% in the latest 12 months, close to its five-year average. That is fairly impressive, considering that Sprint is running big losses at the moment. Happily for GTE, two-thirds of its revenues—and almost all its profits—are still derived from local telephone operations. ■

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Pacific Telesis	87/●		NA	14.2%	84.8%	11.1%		NA	NA		NA	NA	NA
Southwestern Bell	82/●		NA	14.2	70.5	12.7		NA	NA		NA	NA	NA
US West	●/●		NA	14.3	73.0	12.3		NA	NA		NA	NA	NA
Medians			14.7	14.2	78.9	10.0		11.8	6.3		5.2	0.1	
Manufacturing													
TIE/Communications	●/●	1	30.3%	def	25.7%	def	1	71.0%	−29.9%	1	45.5%	P-D	average
Anixter Bros	●/●	2	19.0	9.1%	27.4	2.7%	3	16.9	8.9	4	−0.6	17.1%	very low
M/A-Com	64/52	3	16.4	9.3	29.1	4.7	2	38.1	9.9	3	7.6	2.2	low
Motorola	35/24	4	15.8	6.8	23.3	2.8	4	14.4	3.1	2	10.1	−61.0	average
ITT	28/27	5	10.6	6.9	42.9	3.4	5	−6.9	−14.2	5	−5.1	−9.7	very low
Medians			16.4	6.9	27.4	2.8		16.9	3.1		7.6	−9.7	
Industry medians			15.8	13.7	69.3	9.1		12.7	4.9		5.6	−5.7	
All-industry medians			13.7	12.7	36.6	3.8		6.9	4.3		0.3	−6.0	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. For further explanation, see page 56.

WHO'S WHERE IN GROWTH

Here are five-year and latest-12-month sales and earnings rankings of 1,004 major U.S. corporations.

ALTHOUGH TAKEOVERS and buybacks have been center-stage recently, the stock market remains essentially an earnings game. That explains why many of the following companies with high ranks on five-year average earnings growth are also stock market leaders *(see p. 226)*.

Earnings and sales growth rates are calculated with a least-squares regression equation. We explain this method in The Forbes Yardsticks *(p. 56)*. Suffice it to say it serves the purpose of ironing out extreme fluctuations in percentages.

How went earnings growth last year? Badly. For 229 of the 768 ranked companies, the decline in earnings over the most recent 12 months was more than 10%.

Earnings leaders? One of them is Telex, a manufacturer of computer peripherals, whose per-share earnings advanced 49% over the past 12 months. That's not as good as its 97.3% five-year rate but is still quite exceptional *(see p. 116)*. Price Co. has a similar story: a five-year earnings growth rate of 80.4% and a 12-month return of 59.8%. Unsustainable, of course, but exciting while it lasts.

When looking at earnings growth rates, refer to the earnings stability figure printed along with the industry survey tables *(pp. 58 to 211)*. That helps tell you whether you can count on a high rate's continuing.

Take a company such as Anheuser-Busch in the alcoholic beverages subindustry. It shows an earnings growth rate of 18.9% and a stability factor of Very High, meaning the growth was stable. Earnings at the big brewer went from $1.06 in 1979 to $2.47 in 1984 with annual gains between 9% and 26%.

On the other hand, Digital Equipment in the computer group shows a 4.5% earnings growth rate. But its Very Low earnings stability factor reflects the fact that earnings declined substantially in 1983.

General Motors has a five-year earnings growth rate of 148%. Sizzling. But wait a moment. Note the double-dagger footnote next to GM's rate. That means earnings change was measured over three years rather than five. Why? Because GM lost $762.5 million in 1980. Computing a growth rate from a negative is impossible, of course. So the starting point for measuring GM was 1981, a recovery year in which the company earned only $1.07 a share, while profits in 1984 were a record $14.22 a share. Just as Telex' and Price's growth rates are unsustainable, so, clearly, is GM's. It is always important to take these figures in context.

Here's another example: Fleetwood Enterprises ranks second in growth with 194.2%. But Fleetwood's earnings were only 11 cents in 1981, the starting point, since that was the year earnings turned positive. Again, you can't take earnings growth in isolation. You must ask: Growth from what level?

There is less correlation between sales growth and stock prices than between earnings and stock price, of course, since sales growth does not always translate into profits. Nevertheless, sales growth counts for something, and to help evaluate it, the stock market table lists a price-to-sales ratio, or PSR. FORBES columnist Kenneth Fisher, a strong proponent of low-PSR stocks, argues that even if a company has a high or negative P/E, the stock may be worthwhile if the PSR is low enough. Why so? What's so hot about sales that don't provide profits? The answer: leverage. Even a modest profit improvement on a big sales volume translates into sizable gains in earnings per share. ■

Who's where in growth

Company	Earnings per share			Sales			Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months		rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Minstar	1	242.6%‡‡	-21.0%	20	46.6%	54.3%	Bruno's	64	27.9%	28.6%	215	15.5%	22.8%
Fleetwood Enterprises	2	194.2‡‡	-16.4	217	15.3	-11.5	Hospital Corp	65	27.7	17.0	42	33.2	15.6
Southmark	3	151.6‡	28.8	2	103.2	15.1	Sherwin-Williams	66	27.6	14.9	295	13.0	6.7
General Motors	4	148.3‡‡	-29.9	652	5.6	10.5	Dibrell Brothers	67	27.2	-29.3	779	2.4	13.3
Coachmen Industries	5	98.0‡‡	-65.3	43	32.9	-30.4	Esselte Business Sys	68	26.7‡	-1.3	559	7.7	9.8
Telex	6	97.3	49.0	63	28.1	52.0	Sea-Land	69	26.6‡	-43.4	621	6.4	-4.7
Price Co	7	80.4	59.8	6	74.1	61.6	State Street Boston	70	26.6	14.7	281	13.4	11.3
Kellwood	8	74.6	29.1	793	2.1	-4.8	Foxmeyer	71	25.9	13.0	25	43.4	63.5
Hasbro	9	65.0	42.3	34	37.5	111.0	Roper Corp	72	25.8	P-D	658	5.5	-0.9
Student Loan	10	64.5	29.6	15	49.2	8.7	Avondale Mills	73	25.6	P-D	814	1.4	-23.3
General Host	11	62.8‡‡	500.0+	860	-0.3	-15.4	Gap	74	25.1	-42.1	399	10.9	12.2
Saga	12	60.9	-20.7	388	11.1	11.0	Giant Food	75	25.0	17.9	391	11.0	7.7
Apple Computer	13	59.2	-5.7	4	99.8	26.6	Big Bear	76	24.8	51.9	396	11.0	10.8
Limited	14	56.2	47.8	26	42.8	66.5	Beverly Enterprises	77	24.6	20.7	14	53.5	21.8
Fidelcor	15	53.5	17.2	176	17.0	3.6	Cummins Engine	78	24.2‡‡	-59.7	757	3.0	-0.5
American Continental	16	53.2	291.3	144	18.9	25.9	First Atlanta	79	24.0	30.5	136	19.2	18.7
Macmillan	17	50.7‡	17.2	904	-2.6	24.5	Cooper Tire & Rubber	80	23.8	-13.6	275	13.7	-2.0
Outboard Marine	18	49.6	-42.4	712	4.3	-4.5	Bindley Western Inds	81	23.7	23.4	168	17.4	14.9
M Lowenstein	19	47.5‡	-23.4	870	-0.9	-7.0	Ames Dept Stores	82	23.5	19.4	120	20.1	30.8
Jefferson Smurfit	20	47.3	-3.6	80	25.6	-2.0	McCormick	83	22.9	-55.4	383	11.2	10.5
Brunswick	21	46.2	5.6	785	2.3	5.0	MEI	84	22.8	-2.0	93	23.6	12.8
TIE/Communications	22	45.5	P-D	7	71.0	-29.9	Phillips-Van Heusen	85	22.6	-24.2	529	8.4	8.1
Munford	23	44.8	-20.1	555	7.8	9.8	Waste Management	86	22.5	21.3	74	26.6	31.2
Time Inc	24	44.7‡‡	15.3	198	16.1	11.1	Monfort of Colorado	87	22.4‡‡	-4.9	142	19.0	1.7
First Executive	25	44.4	12.7	9	58.1	103.9	Florida Natl Banks	88	22.0	76.7	69	27.5	12.2
Charter Medical	26	44.2	17.1	62	28.6	27.4	Hewlett-Packard	89	21.9	-26.3	138	19.1	7.6
Circuit City Stores	27	44.0	17.7	36	35.7	40.8	Lowe's Cos	90	21.8	7.0	247	14.4	18.6
MCI Communications	28	43.6‡	194.1	5	75.5	16.5	Holly Corp	91	21.8	-22.1	583	7.3	1.5
Rohr Industries	29	43.5	17.3	574	7.6	-1.1	Blount	92	21.8	-45.7	523	8.4	15.8
Wal-Mart Stores	30	43.0	24.1	28	39.9	32.2	Servicemaster Inds	93	21.7	10.1	125	19.8	16.8
General Cinema	31	43.0	76.2	598	6.9	-0.1	American Greetings	94	21.7	15.3	167	17.5	9.3
Firestone	32	41.8‡‡	-38.4	956	-6.1	-7.6	Food Lion	95	21.6	29.2	60	29.2	27.4
SCI Systems	33	41.8	7.3	8	61.9	15.2	Super Food Services	96	21.4	25.2	554	7.8	8.3
Subaru of America	34	41.4	24.7	223	15.0	20.4	Rite Aid	97	21.3	-15.5	360	11.7	14.6
Dillard Dept Stores	35	40.5	32.0	81	25.2	49.3	Browning-Ferris Inds	98	21.3	19.3	194	16.2	16.7
Tyson Foods	36	40.0	89.3	235	14.7	51.4	Dean Foods	99	21.2	20.7	336	12.0	13.7
Collins & Aikman	37	39.8	7.0	319	12.4	4.0	RH Macy	100	21.1	-15.6	257	14.2	7.5
Oxford Industries	38	39.7	-76.0	123	20.0	-7.3	Citizens & So Ga	101	21.0	8.7	207	15.9	57.6
NIKE	39	37.8	2.9	21	45.1	5.9	Dow Jones	102	20.7	2.0	175	17.1	8.0
Advanced Micro	40	37.4	-69.9	53	30.2	-14.3	Allied Bancshares	103	20.7	6.8	27	40.0	10.8
Wang Laboratories	41	37.2	P-D	22	45.0	1.4	Washington Post	104	20.4	50.7	418	10.4	12.2
Humana	42	36.7	11.7	196	16.2	11.6	Walgreen	105	20.2	10.1	214	15.5	15.2
Primark	43	36.6	-14.3	341	11.9	-16.6	Savannah Foods	106	20.1‡	-12.1	466	9.5	7.3
Magic Chef	44	36.4	-9.0	203	16.0	-5.6	Strawbridge	106	20.1	16.6	367	11.5	12.5
Tandem Computers	45	35.5	-21.2	12	56.7	17.2	New York Times	108	20.0	20.3	277	13.7	12.9
VF	46	35.4	10.5	163	17.5	21.4	Turner	109	20.0	-15.5	788	2.2	17.7
American Stores	47	33.7	42.0	117	20.5	62.0	Shaw Industries	110	19.9	2.8	164	17.5	11.1
Stop & Shop Cos	48	33.6	-26.9	381	11.2	12.8	Northeast Utilities	111	19.8	2.9	273	13.7	0.7
Grumman	49	33.1	-25.3	403	10.9	23.3	Marriott	112	19.8	24.4	135	19.3	15.7
Toys "R" Us	50	32.2	12.7	59	29.3	25.4	Bank of Virginia	113	19.6	16.0	258	14.2	13.7
Bairnco	51	31.4	-3.4	44	32.6	10.1	Payless Cashways	114	19.6	-12.1	54	30.2	35.1
First Boston	52	31.0	36.8	33	38.0	30.6	Equitable Resources	115	19.6	-32.2	335	12.0	-12.1
Federal Express	53	30.5	1.0	30	39.2	39.1	San Diego G&E	116	19.5	-2.2	176	17.0	8.6
E-Systems	54	30.0	2.1	153	18.1	13.9	Portland Genl Electric	117	19.4	-29.2	312	12.5	18.8
North American Coal	55	29.9	1.8	696	4.8	3.9	Deluxe Check	118	19.3	22.0	292	13.1	11.8
Comdisco	56	29.7	101.9	112	21.2	8.3	Kansas City P&L	119	19.3	6.0	493	8.9	-0.5
ICH	57	29.4	53.1	18	47.1	255.2	Sysco	120	18.9	9.5	150	18.2	13.3
Tandy	58	29.3	-16.2	146	18.7	5.3	Anheuser-Busch Cos	121	18.9	15.3	132	19.5	7.2
National Medical	59	29.0	8.2	19	47.0	22.1	Hannaford Bros	122	18.9	25.2	425	10.3	17.2
Texas Oil & Gas	60	28.9	-20.0	171	17.3	-16.7	Warner-Lambert	123	18.7	9.8	873	-1.3	2.2
Dun & Bradstreet	61	28.8	-44.5	181	16.9	14.8	James River Corp Va	124	18.6	-7.0	13	53.6	3.0
Zayre	62	28.7	22.1	205	16.0	19.9	Rubbermaid	125	18.6	16.7	305	12.7	11.2
Rose's Stores	63	28.1	-13.9	266	14.0	9.2	EG&G	126	18.3	9.4	227	15.0	11.2

P-D: Profit to deficit. ‡Four-year growth. ‡‡Three-year growth.

Who's where in growth

Company	Earnings per share			Sales			Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months		rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Yellow Freight System	127	18.3%	23.7%	435	10.1%	15.3%	**First Union**	190	14.0%	24.1%	115	20.7%	17.2%
Seagram	128	18.1	−28.4	750	3.2	10.3	**Weis Markets**	191	13.9	7.9	472	9.4	4.3
Wachovia	129	17.9	22.0	229	14.9	7.8	**Loral**	192	13.9	21.6	79	26.0	17.7
Wendy's Intl	129	17.9	13.3	67	27.9	20.5	**Rochester G&E**	193	13.9	7.3	276	13.7	−4.3
Arden Group	131	17.8	117.5	886	−1.7	−5.1	**Wisconsin Electric**	194	13.9	0.2	394	11.0	−1.6
Nordstrom	132	17.8	18.4	96	23.4	29.3	**Oklahoma G&E**	195	13.8	−10.9	345	11.8	4.4
Bergen Brunswig	133	17.8	31.7	78	26.1	43.0	**PNC Financial**	196	13.8	25.7	262	14.1	23.2
Abbott Laboratories	134	17.7	16.3	298	12.9	6.6	**Thrifty Corp**	197	13.7	14.3	525	8.4	8.1
Revco DS	135	17.7	−63.9	145	18.9	8.1	**Avery International**	198	13.7	6.9	443	10.0	0.7
PHH Group	136	17.5	11.5	95	23.4	41.2	**Fort Howard Paper**	199	13.6	15.4	58	29.4	5.5
Mercantile Stores	137	17.5	4.2	402	10.9	6.8	**McDonnell Douglas**	200	13.6	8.0	354	11.7	21.0
Pulte Home	138	17.4	−2.3	72	27.1	−13.4	**Associated Dry Goods**	201	13.6	−0.7	129	19.6	9.5
Meredith	139	17.3	25.6	567	7.7	4.6	**DeSoto**	202	13.6	−13.1	761	2.9	6.1
Herman Miller	140	17.2	24.1	190	16.5	16.1	**United Virginia Bkshs**	203	13.5	14.7	202	16.1	11.1
SunTrust Banks	140	17.2	5.6	84	24.5	14.3	**Sears, Roebuck**	204	13.5	−19.9	417	10.4	4.6
American Medical	142	17.2	18.3	39	34.4	14.9	**Bank of New York**	205	13.4	4.2	320	12.3	4.0
Capital Cities	143	17.2	7.2	159	17.6	12.8	**No States Power**	206	13.3	−5.8	334	12.1	0.1
General Dynamics	144	17.1	28.5	248	14.4	5.2	**JC Penney**	207	13.3	−18.6	760	3.0	2.3
NWA	145	17.0	−22.7	327	12.2	6.9	**Philip Morris Cos**	208	13.1	10.9	439	10.0	1.8
Barnett Banks Fla	146	17.0	11.2	45	32.3	21.2	**McGraw-Hill**	209	13.0	5.0	463	9.5	8.0
Hartmarx	147	16.9	1.2	372	11.4	6.2	**New England Electric**	210	13.0	10.7	457	9.6	−3.6
Computervision	148	16.7	P–D	55	29.9	−3.2	**American Hospital**	211	13.0	−6.4	386	11.2	−1.0
Natl Convenience	149	16.7	−34.6	147	18.6	11.3	**Southern Company**	212	12.9	3.6	265	14.0	11.1
Robertshaw Controls	150	16.7	−0.5	728	3.9	−1.2	**Ametek**	213	12.9	−17.7	709	4.5	−2.9
Prime Computer	151	16.6	0.0	50	30.7	18.8	**Hershey Foods**	213	12.9	6.6	453	9.7	7.9
Morton Thiokol	152	16.6	78.9	116	20.6	−8.8	**Longview Fibre**	215	12.9	−42.4	651	5.6	−1.2
General Public Utils	153	16.6	13.2	313	12.5	7.2	**Commonwealth Ed**	216	12.8	6.6	320	12.3	2.6
Dynalectron	154	16.6	28.6	413	10.5	6.8	**RJ Reynolds Inds**	217	12.8	48.3	347	11.8	6.8
Delchamps	155	16.5	2.2	105	22.2	8.5	**Whirlpool**	218	12.7	−10.5	628	6.2	8.0
Echlin	156	16.4	3.8	137	19.2	12.0	**Arvin Industries**	219	12.7	10.7	438	10.1	9.8
Service Merchandise	156	16.4	−66.0	152	18.1	36.0	**Banc One**	220	12.7	13.4	38	35.1	20.7
Supermarkets General	158	16.3	50.2	333	12.1	36.4	**National Fuel Gas**	220	12.7	−7.3	329	12.2	−12.1
Consolidated Edison	159	16.2	−0.9	376	11.3	−2.5	**First of America Bank**	222	12.5	27.8	70	27.3	6.6
McDonald's	160	16.1	13.2	350	11.8	9.6	**Melville**	223	12.4	5.5	165	17.5	7.7
Brown-Forman	161	16.0	32.6	149	18.4	0.9	**Sara Lee**	223	12.4	11.1	551	7.9	12.0
Sovran Financial	162	16.0	16.8	235	14.7	13.8	**Southwestern Pub Svc**	225	12.3	5.8	195	16.2	3.2
Clorox	163	16.0	13.0	332	12.1	9.0	**Gerber Products**	226	12.3	1.6	510	8.7	7.7
RR Donnelley	164	15.9	12.0	290	13.1	15.2	**G Heileman Brewing**	226	12.3	−15.1	205	16.0	−0.6
Super Valu Stores	165	15.9	−11.4	290	13.1	12.4	**Rohm & Haas**	226	12.3	−12.5	713	4.3	0.7
IBM	166	15.8	−4.1	220	15.1	6.9	**Loews**	229	12.3	48.7	667	5.4	19.5
Kaman	167	15.8	11.2	472	9.4	3.0	**Sealed Power**	230	12.2	−20.4	153	18.1‡	20.0
Tracor	168	15.7	−7.3	222	15.0	11.0	**Waldbaum**	231	12.1	27.8	503	8.8	4.3
CoreStates Financial	169	15.6	97.0	300	12.9	1.3	**American Home Prods**	232	12.1	6.9	609	6.6	−7.6
Transworld	170	15.5	7.0	580	7.3	1.7	**Bank of Boston**	232	12.1	59.5	394	11.0	14.9
HJ Heinz	171	15.4	10.9	477	9.3	1.0	**Reichhold Chemicals**	234	12.1	−36.9	912	−3.1	0.3
Texas Commerce Bcshs	172	15.2	−31.1	122	20.0	1.3	**Southwest Airlines**	235	12.0	4.8	52	30.4	20.2
Albertson's	173	15.0	5.2	328	12.2	8.7	**Ball Corp**	236	11.9	11.1	322	12.3	5.1
Berkshire Hathaway	173	15.0	11.8	508	8.7	26.0	**Southland**	237	11.9	25.0	87	24.1	4.3
Pfizer	173	15.0	12.3	592	7.0	1.9	**Consol Natural Gas**	238	11.9	−6.6	365	11.6	−8.0
Fleming Cos	176	14.8	9.5	160	17.6	28.8	**General Mills**	239	11.9	P–D	504	8.8	−22.7
Curtice-Burns	177	14.8	−10.5	240	14.6	−0.4	**Potomac Electric**	240	11.8	9.4	431	10.2	10.5
Fleet Financial	178	14.8	22.1	211	15.6	10.3	**Springs Industries**	240	11.8	−62.7	764	2.8	−6.1
Flowers Industries	179	14.7	17.7	264	14.1	3.6	**Kansas Power & Light**	242	11.8	−11.4	40	33.3	−11.2
Sonat	180	14.7	−34.8	299	12.9	−8.7	**Ryder System**	242	11.8	−11.0	370	11.5	−1.7
Ralston Purina	181	14.6	17.5	829	0.9	17.8	**Pioneer**	244	11.7	−51.1	952	−5.7	5.6
May Dept Stores	182	14.6	9.3	449	9.8	10.2	**Wisconsin P&L**	245	11.7	17.0	432	10.2	−2.4
Questar	183	14.3	−11.8	234	14.7	0.6	**Rockwell Intl**	246	11.7	23.1	568	7.7	21.6
Sanders Associates	184	14.3	−14.7	41	33.2	18.7	**Roadway Services**	247	11.5	−13.9	680	5.1	9.5
Bristol-Myers	185	14.3	12.5	536	8.3	5.1	**Federal Co**	248	11.5	−16.2	571	7.6	−5.9
Cluett, Peabody	185	14.3	−42.7	624	6.3	3.5	**Rykoff-Sexton**	249	11.4	17.2	306	12.7	26.5
Torchmark	187	14.2	35.6	76	26.4	0.0	**Ruddick**	250	11.4	−12.8	469	9.4	20.8
Automatic Data	188	14.0	16.4	143	18.9	15.3	**Kansas City Southern**	251	11.4	52.1	381	11.2	1.7
Commonwealth Energy	188	14.0	−13.4	371	11.4	−3.6	**Equifax**	252	11.2	1.2	533	8.3	11.8

P-D: Profit to deficit. ‡Four-year growth.

Who's where in growth

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Citicorp	253	11.2%	21.4%	389	11.1%	13.1%
Sheller-Globe	254	11.1‡‡	11.3	643	5.8	12.4
United States Shoe	255	11.0	–3.5	269	13.8	14.5
Washington Gas Light	256	11.0	–6.8	174	17.2	–10.8
First Fidelity Bncp	257	11.0	0.6	61	29.0	8.8
Life Investors	258	11.0	11.9	92	23.7	17.3
Bankers Trust NY	259	10.9	13.1	496	8.9	6.1
NCNB	260	10.8	15.3	107	22.2	12.7
Cleveland Electric	261	10.7	–1.7	499	8.9	3.7
Cincinnati Financial	262	10.7	1.2	415	10.4	20.0
Laclede Gas	263	10.7	–3.3	286	13.2	–8.5
McLean Industries	264	10.6‡‡	P–D	331	12.1	24.5
Republic New York	265	10.6	3.6	141	19.0	14.9
JP Morgan	266	10.6	39.2	448	9.9	6.3
Borden	267	10.6	5.2	852	0.0	0.5
West Point-Pepperell	267	10.6	–49.1	744	3.4	–9.7
Wetterau	269	10.5	23.9	119	20.3	11.2
Jerrico	270	10.5	10.6	314	12.4	5.0
K mart	270	10.5	–23.2	443	10.0	13.4
Jostens	272	10.5	6.0	386	11.2	16.6
Wyman-Gordon	273	10.4	–46.4	923	–3.8	–1.0
Baltimore G&E	274	10.4	–7.3	376	11.3	–0.6
Chemical New York	275	10.4	21.6	452	9.7	2.4
Culbro	276	10.4‡	–20.6	148	18.6	–1.5
Allegheny Power	277	10.3	–6.3	355	11.7	4.8
First Tennessee Natl	277	10.3	20.3	244	14.5	11.1
Geico	279	10.3	–13.9	590	7.1	20.4
Southern Calif Edison	279	10.3	2.5	363	11.6	8.5
Midlantic Banks	281	10.3	15.7	109	21.8	22.5
ConAgra	282	10.2	53.6	31	38.6	39.3
General Electric	282	10.2	5.4	735	3.7	0.5
Gannett	284	10.2	17.9	311	12.5	15.7
Motorola	285	10.1	–61.0	253	14.4	3.1
KeyCorp	286	10.1	22.7	85	24.4	38.4
Jefferson-Pilot	287	10.1	51.6	688	4.9	6.6
Shawmut	288	10.0	19.6	127	19.7	8.4
Texas Utilities	288	10.0	0.5	169	17.4	6.4
Bank of New England	290	10.0	–6.1	128	19.7	9.3
Allied Stores	291	9.9	25.5	272	13.8	5.7
Iowa-Illinois G&E	292	9.9	7.4	393	11.0	–3.7
Pillsbury	293	9.9	12.2	352	11.7	14.3
Security Pacific	294	9.9	12.5	244	14.5	6.5
Del E Webb	294	9.9	29.3	928	–4.2	–32.3
Media General	296	9.8	–11.8	238	14.6	5.7
Holiday	297	9.8	36.3	615	6.5	5.4
Stanadyne	298	9.8	–18.0	830	0.6	0.7
Times Mirror	299	9.6	13.1	412	10.6	5.0
Hillenbrand Inds	300	9.6	–3.2	434	10.1	6.2
United Illuminating	301	9.6	6.8	408	10.7	0.5
Universal Leaf	301	9.6	4.8	800	1.9	12.9
Public Service Colo	303	9.5	–6.0	270	13.8	–0.3
Emhart	304	9.5	–12.4	819	1.3	–2.9
PacifiCorp	304	9.5	–4.5	172	17.3	12.8
Kellogg	306	9.5	34.0	635	6.0	12.8
Schlumberger	307	9.4	–10.7	490	9.0	6.2
Procter & Gamble	308	9.4	–21.8	627	6.2	3.9
Norstar Bancorp	309	9.4	5.4	37	35.7	32.1
Johnson Controls	310	9.3	1.9	543	8.1	25.4
National Service	311	9.3	10.0	566	7.7	11.0
SCOA Industries	311	9.3	9.8	418	10.4	5.1
SmithKline Beckman	313	9.3	4.2	156	17.8	7.8
Goodyear	314	9.3	2.8	719	4.2	–5.8
AMP	315	9.2	–39.1	378	11.3	–9.0
Entex	315	9.2%	–43.9%	270	13.8%	–9.6%
Wisconsin Public Svc	317	9.2	–3.7	352	11.7	–2.1
Amdahl	318	9.2	–15.0	110	21.7	7.1
Transco Energy	318	9.2	–81.3	173	17.2	–4.9
Intel	320	9.2	–82.3	183	16.8	–5.3
Brown Group	321	9.2	–52.0	605	6.7	–7.0
Dayton-Hudson	322	9.1	10.3	140	19.0	12.2
Delmarva Power & Lt	323	9.1	1.9	455	9.7	2.9
Maytag	324	9.1	14.4	279	13.6	7.4
Niagara Mohawk Power	324	9.1	–10.7	289	13.1	–2.2
Maryland National	326	9.1	35.8	221	15.1	23.8
Kentucky Utilities	327	9.0	–7.8	429	10.2	1.9
Hartford National	328	9.0	10.7	102	22.5	29.3
Farmers Group	329	9.0	12.7	198	16.1	10.8
Pitney Bowes	329	9.0	9.2	427	10.2	5.4
Knight-Ridder	331	9.0	6.3	407	10.8	6.0
Kelly Services	332	9.0	23.7	309	12.5	21.1
Eli Lilly	333	8.9	8.6	604	6.7	4.8
Diversified Energies	334	8.9	–63.4	158	17.7	–0.8
Longs Drug Stores	335	8.9	7.8	345	11.8	13.9
Olin	336	8.9	P–D	787	2.3	–9.6
So New England Tel	337	8.8	–6.5	355	11.7	4.3
Dover	338	8.8	–5.4	351	11.7	21.9
Business Men's Assur	339	8.7	23.6	495	8.9	1.1
Illinois Power	340	8.6	–12.8	344	11.9	–7.5
Capital Holding	341	8.6	2.2	48	31.3	14.2
Monsanto	342	8.6	–34.9	835	0.5	–3.4
GTE	343	8.5	–5.7	541	8.2	8.2
Armstrong Rubber	344	8.5‡‡	–41.8	363	11.6	15.4
Meridian Bancorp	345	8.5	31.7	250	14.4	38.8
Federated Dept Stores	346	8.5	11.0	404	10.8	8.0
Pacific G&E	347	8.4	12.9	384	11.2	15.2
Campbell Soup	348	8.4	3.2	454	9.7	9.1
BayBanks	349	8.3	29.1	192	16.4	10.6
Central & South West	350	8.3	1.1	243	14.6	–1.4
Universal Foods	351	8.2	46.8	562	7.7	14.6
Toledo Edison	352	8.2	30.6	525	8.4	36.5
MCorp	353	8.1	–14.5	57	29.6	66.8
Winn-Dixie Stores	354	8.1	–8.1	522	8.5	7.0
Scana	355	8.0	–6.3	209	15.6	3.7
Ohio Edison	356	7.9	–5.1	397	11.0	6.4
TECO Energy	357	7.8	–4.4	467	9.5	19.8
Florida Progress	358	7.8	26.3	446	9.9	13.0
Provident Life & Acc	359	7.8	7.9	586	7.3	21.7
Emerson Electric	360	7.8	6.5	539	8.2	11.3
Scott & Fetzer	360	7.8	–5.9	862	–0.3	–1.7
Alexander & Baldwin	362	7.7	24.6	693	4.8	6.5
Libbey-Owens-Ford	363	7.7	0.7	673	5.2	12.0
M/A-Com	364	7.6	2.2	32	38.1	9.9
Burlington Northern	365	7.6	7.9	186	16.7	7.8
Westinghouse	366	7.4	13.8	630	6.1	4.0
Manufacturers Natl	367	7.4	26.5	556	7.8	4.3
Squibb	367	7.4	12.9	705	4.6	7.3
Amoco	369	7.3	1.1	645	5.7	–3.3
Philadelphia Electric	370	7.3	–2.7	358	11.7	2.8
NCR	371	7.3	–3.8	652	5.6	5.4
Harvey Hubbell	372	7.2	11.6	728	3.9	8.7
Marine Midland Banks	373	7.2	–3.5	414	10.5	–2.4
Johnson & Johnson	374	7.1	30.0	573	7.6	4.5
Genuine Parts	375	7.1	7.9	330	12.2	1.0
Todd Shipyards	375	7.1	–62.1	837	0.4	–30.7
Atlanta Gas Light	377	7.0	–19.1	170	17.4	–5.0
Louisville G&E	377	7.0	2.4	292	13.1	1.1

P-D: Profit to deficit ‡Four year growth ‡‡Three year growth

Who's where in growth

Company	Earnings per share			Sales			Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months		rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Brooklyn Union Gas	379	7.0%	7.7%	185	16.8%	–0.8%	Unocal	442	4.6%	–2.9%	674	5.2%	2.6%
Sonoco Products	379	7.0	15.8	374	11.4	13.8	First Bank System	443	4.6	40.1	201	16.1	9.4
Masco	381	7.0	1.4	552	7.9	–15.4	Worthington Inds	444	4.6	14.9	216	15.4	11.8
American Intl Group	382	6.9	–25.4	288	13.2	21.9	Ipalco Enterprises	445	4.6	–11.5	595	7.0	1.7
Rainier Bancorp	383	6.8	3.6	433	10.1	3.7	Iowa Resources	446	4.5	–21.0	283	13.3	–5.0
American Family	384	6.8	23.7	162	17.5	12.8	Digital Equipment	447	4.5	–21.9	86	24.3	12.8
USAir Group	385	6.7	–20.7	191	16.4	8.7	Sterling Drug	448	4.5	5.6	727	3.9	–3.0
Gillette	386	6.7	–0.6	814	1.4	2.8	Dennison Mfg	449	4.4	–21.1	521	8.5	–2.8
Dominion Resources	387	6.6	1.4	523	8.4	2.4	Continental Telecom	450	4.4	24.3	197	16.2	4.9
Orange & Rockland	387	6.6	–5.3	307	12.7	–3.8	Beatrice	451	4.3	4.4	602	6.8	26.0
Coca-Cola	389	6.6	8.4	584	7.3	6.0	Huntington Bcshs	451	4.3	20.2	100	22.7	4.5
Warnaco	390	6.5	–27.2	726	3.9	9.6	First Wisconsin	453	4.3	19.8	699	4.6	4.1
Duke Power	391	6.4	–3.1	300	12.9	9.1	Carson Pirie Scott	454	4.2	132.5	131	12.6	23.2
United Technologies	392	6.4	–58.6	416	10.4	–4.3	Texas American Bcshs	455	4.1	–21.5	134	19.4	8.9
Centex	393	6.4	–7.6	741	3.5	5.9	Std Commercial Tob	456	4.0	–23.0	691	4.8	9.6
Society	394	6.4	6.5	231	14.8	60.0	Piedmont Aviation	457	3.9	7.0	64	28.0	21.2
American Natl Ins	395	6.2	–7.5	721	4.2	4.2	Mercantile Bancorp	458	3.9	4.7	553	7.9	9.4
Borg-Warner	395	6.2	–15.4	528	8.4	0.8	Detroit Edison	459	3.8	3.2	549	8.0	12.4
Pioneer Hi-Bred Intl	397	6.2	47.9	246	14.5	14.7	AZP Group	460	3.7	0.9	457	9.6	17.7
Public Service E&G	398	6.2	–2.5	385	11.2	2.4	Rorer Group	460	3.7	–1.9	248	14.4	7.2
CilCorp	399	6.1	–8.2	488	9.0	–9.4	Jack Eckerd	462	3.7	P–D	237	14.7	–4.4
Carlisle Corp	400	6.1	–1.8	565	7.7	0.1	Consolidated Papers	463	3.6	43.8	579	7.4	7.3
MidCon	401	6.1	P–D	212	15.5	–2.2	Purolator Courier	464	3.5	P–D	437	10.1	1.5
Central Hudson G&E	402	6.0	–1.1	250	14.4	–2.5	Boston Edison	465	3.5	10.3	375	11.3	–4.1
RepublicBank	402	6.0	23.2	193	16.3	3.6	Rollins	466	3.5‡	10.9	825	1.0‡	9.4
Safeway Stores	404	5.9	28.8	582	7.3	2.6	Owens-Corning	467	3.5	5.2	636	5.9	3.1
Wm Wrigley Jr	405	5.9	8.5	777	2.5	2.9	Irving Bank	468	3.4	9.4	558	7.8	–0.9
Morrison-Knudsen	406	5.8	2.2	542	8.1	–0.7	Intl Multifoods	469	3.4	15.3	782	2.4	14.2
North Amer Philips	406	5.8	–23.9	326	12.3	2.9	Pentair	470	3.4	–3.9	113	21.0	8.1
Nash Finch	408	5.8	1.3	615	6.5	8.7	Manufacturers Hanover	471	3.3	15.6	266	14.0	9.7
Illinois Tool Works	409	5.7	2.7	559	7.7	4.2	Amer Broadcasting	472	3.1	–9.1	355	11.7	–9.7
FPL Group	410	5.7	34.8	268	14.0	9.3	Central Maine Power	473	3.1	–97.7	302	12.9	2.1
Dart & Kraft	411	5.6	8.4	807	1.7	–0.8	Avnet	474	3.1	–58.7	658	5.5	–15.9
Centel	412	5.6	5.8	304	12.7	–1.7	PPG Industries	474	3.1	2.5	634	6.0	3.9
Atlantic City Electric	413	5.5	–13.7	283	13.3	7.6	Teledyne	474	3.1	33.6	742	3.5	–3.4
Old Republic Intl	413	5.5	–11.1	639	5.9	71.9	Combined Intl	477	3.0	17.7	225	15.0	6.2
Chesebrough-Pond's	415	5.5	–3.2	505	8.8	38.6	Comerica	477	3.0	3.8	179	16.9	8.9
Middle South Utils	416	5.4	–7.9	422	10.3	1.6	InterNorth	479	3.0	–16.7	101	22.6	80.2
Armstrong World Inds	417	5.4	15.1	763	2.9	6.0	Exxon	480	2.9	–15.1	838	0.4	–4.6
Cullum Cos	417	5.4	24.6	470	9.4	–12.8	Dexter	481	2.9	–3.3	682	5.0	1.4
Litton Industries	419	5.4	–0.7	769	2.6	–0.3	Wicor	482	2.8	–26.6	155	17.9	–2.2
NY State E&G	420	5.3	–4.4	252	14.4	12.2	AmeriTrust	483	2.8	15.5	716	4.2	10.8
Tecumseh Products	421	5.3	–15.7	830	0.6	–6.7	Zapata	484	2.8	–91.6	950	–5.7	–9.1
Central Ill Pub Svc	422	5.2	–4.7	392	11.0	0.7	Archer-Daniels	485	2.7	60.2	209	15.6	5.1
Dayton Power & Lt	423	5.1	11.5	318	12.4	–1.6	Figgie Intl	486	2.7	27.2	869	–0.7	8.5
Snap-on Tools	423	5.1	3.5	618	6.5	12.0	Consol Freightways	487	2.7	15.9	882	–1.7	16.1
Duquesne Light	425	5.1	–5.2	637	5.9	2.0	Quaker Oats	488	2.6	16.4	510	8.7	1.5
Ethyl	425	5.1	3.1	852	0.0	–10.6	USG	489	2.5	20.6	609	6.6	16.7
Merck	425	5.1	10.9	570	7.6	2.8	American Cyanamid	490	2.3	–22.7	764	2.8	–4.8
NBD Bancorp	428	5.1	25.8	484	9.1	14.8	Air Prods & Chems	491	2.3	4.4	623	6.3	5.4
National City	429	5.0	22.6	280	13.4	78.8	Intl Flavors & Frags	492	2.2	–1.6	781	2.4	2.6
Witco	430	5.0	–9.1	545	8.0	–0.9	Tyler	492	2.2	–38.4	261	14.1	–18.8
Alltel	431	4.8	10.2	339	11.9	7.6	Hawaiian Electric	494	2.2	–4.9	262	14.1	–1.3
Pittway	431	4.8	–3.2	368	11.5	10.2	Riggs National	495	2.2	17.4	254	14.3	6.8
WW Grainger	433	4.8	7.0	625	6.3	7.6	Northrop	496	2.2	59.2	118	20.3	35.1
Public Service NH	433	4.8	–17.4	380	11.2	–1.2	DWG	497	2.1	P–D	124	19.8	68.6
Carolina Power & Lt	435	4.7	8.5	228	15.0	4.7	American Brands	498	2.1	–1.0	766	2.8	0.2
Gulf States Utilities	436	4.7	–3.5	323	12.3	18.5	Peoples Energy	499	2.1	13.5	519	8.5	–2.8
Household Intl	436	4.7	–4.6	483	9.1	5.3	Cincinnati G&E	500	2.0	15.5	337	12.0	–2.5
Mellon Bank	436	4.7	15.9	126	19.8	9.8	Ex-Cell-O	500	2.0	9.0	809	1.6	3.1
Interpublic Group	439	4.7	–0.7	358	11.7	4.0	Alco Standard	502	2.0	–18.6	397	11.0	12.7
Long Island Lighting	440	4.7	23.3	309	12.5	5.4	American Express	503	1.8	61.5	108	21.9	22.1
Wells Fargo	441	4.7	23.9	485	9.0	4.1	Southeast Banking	503	1.8	–5.2	188	16.7	8.9

P-D: Profit to deficit. ‡Four-year growth.

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Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months	Company
First Interstate	505	1.8%	11.0%	338	11.9%	7.0%	**CSX**
Nalco Chemical	506	1.8	-4.2	777	2.5	-5.2	**Dana**
American Electric	507	1.8	-12.3	449	9.8	-0.5	**Oneok**
Houston Industries	508	1.7	13.5	151	18.2	-3.1	**Murphy Oil**
American General	509	1.6	21.4	104	22.3	11.3	**No Indiana Pub Svc**
Stanley Works	510	1.6	7.5	710	4.4	6.9	**George A Hormel**
Hilton Hotels	511	1.6	32.6	689	4.9	2.4	**Safeco**
Standard Oil Ohio	512	1.5	-5.8	629	6.1	5.9	**Square D**
Minn Mining & Mfg	513	1.3	-5.0	617	6.5	2.4	**Hammermill Paper**
Shaklee	514	1.3	-2.0	550	8.0	-11.6	**EF Hutton Group**
Univar	515	1.2	-30.3	744	3.4	3.2	**Norfolk Southern**
Burroughs	516	1.2	-3.3	308	12.6	4.3	**Montana Power**
KN Energy	516	1.2	-23.8	530	8.4	-7.9	**CPC International**
Lincoln National	518	1.0	-0.7	315	12.4	9.1	**Texas Eastern**
Utah Power & Light	519	1.0	-15.4	295	13.0	11.0	**EI du Pont**
Pacific Lighting	520	1.0	2.3	208	15.7	9.1	**Central Steel & Wire**
Ponderosa	521	0.9	-93.8	487	9.0	1.8	**Gordon Jewelry**
Westvaco	522	0.8	-20.7	644	5.8	-2.5	**Honeywell**
Santa Fe Southern	523	0.8	-1.6	735	3.7	-0.8	**Edison Bros Stores**
Emery Air Freight	524	0.8	-29.8	488	9.0	10.3	**MCA**
Federal-Mogul	525	0.7	-4.0	704	4.6	1.2	**Farm House Foods**
John Blair & Co	526	0.7	P-D	51	30.6	35.4	**Crown Cork & Seal**
Petrie Stores	527	0.6	18.6	258	14.2	50.9	**PepsiCo**
Bausch & Lomb	528	0.6	38.0	836	0.5	-12.1	**Kidde**
TRW	529	0.6	-69.[illegible]	685	4.9	2.4	**American District**
Church's Fried	530	0.5	27.5	543	8.1	11.6	**CBS**
Pennsylvania P&L	530	0.5	-11.0	316	12.4	16.8	**Scott Paper**
US Bancorp	532	0.5	14.1	399	10.9	12.3	**Panhandle Eastern**
Federal Paper Board	533	0.5	-63.6	559	7.7	15.2	**Columbia Gas System**
National Gypsum	534	0.4	23.8	492	9.0	6.8	**Adolph Coors**
Lear Siegler	535	0.3	2.2	646	5.7	11.6	**IC Industries**
Gt Northern Nekoosa	536	0.3	-52.1	538	8.2	5.1	**Schering-Plough**
Boeing	537	0.3	-35.3	695	4.8	30.4	**Cabot**
Tektronix	538	0.0	-40.6	436	10.1	4.5	**First Chicago**
Upjohn	539	0.0	6.9	620	6.4	-6.5	**Kimberly-Clark**
Kroger	540	0.0	27.5	325	12.3	5.8	**Eagle-Picher Inds**
Engelhard	541	-0.2	0.6	848	0.1	-4.8	**Jim Walter**
Chase Manhattan	542	-0.2	28.6	571	7.6	3.5	**Williams Cos**
Union Camp	543	-0.2	-38.3	661	5.5	-2.8	**Zurn Industries**
Vulcan Materials	543	-0.2	-3.5	708	4.5	3.8	**Bemis**
Computer Sciences	545	-0.3	54.3	501	8.8	10.7	**Burlington Inds**
MGM/UA Entertainment	545	-0.3	P-D	29	39.4	-7.3	**McKesson**
Valley National	545	-0.3	33.6	274	13.7	10.6	**Becton, Dickinson**
Lucky Stores	548	-0.3	12.8	462	9.5	6.5	**Greyhound**
Carter Hawley Hale	549	-0.3	-50.0	461	9.6	-2.0	**ITT**
Puget Sound P&L	550	-0.4	28.3	189	16.6	9.4	**Whittaker**
Tribune	551	-0.4	14.8	465	9.5	11.2	**Penn Traffic**
Anixter Bros	552	-0.6	17.1	178	16.9	8.9	**Palm Beach**
Harcourt Brace	553	-0.7	20.9	481	9.1	26.7	**Quaker State Oil**
Moore Corp	554	-0.7	39.8	725	4.0	2.9	**Phillips Petroleum**
United Telecom	555	-0.8	-10.8	455	9.7	16.5	**Nucor**
Arkla	556	-0.9	-25.0	442	10.0	-16.9	**Merrill Lynch**
Hercules	557	-0.9	-23.3	813	1.5	-1.2	**Ceco Industries**
Pueblo International	557	-0.9	-28.1	513	8.7	3.0	**Skyline**
Raychem	559	-1.0	-7.9	366	11.5	9.3	**Colgate-Palmolive**
Raytheon	559	-1.0	63.9	518	8.5	1.0	**Tenneco**
Insilco	561	-1.1	-11.1	706	4.5	6.6	**American Maize**
Tyco Laboratories	562	-1.1	-6.0	83	24.5	-4.9	**Phibro-Salomon**
Monarch Capital	563	-1.1	-11.3	66	28.0	37.3	**Parker-Hannifin**
General Signal	564	-1.2	-2.2	711	4.4	2.2	**Travelers**
Bowater	565	-1.3	24.2	663	5.5	-0.6	**Halliburton**
Interlake	566	-1.3	-23.1	958	-6.4	-13.3	**Textron**
Perkin-Elmer	567	-1.5	5.4	594	7.0	7.8	**Union Pacific**

P-D: Profit to deficit.

Earnings per share			Sales		
rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
568	–1.6%	–19.5%	423	10.3%	–5.1%
568	–1.6	2.5	702	4.6	6.0
570	–1.7	–19.1	428	10.2	–10.2
571	–1.8	–13.7	606	6.7	1.8
571	–1.8	–42.2	379	11.3	–7.2
573	–1.8	–6.7	823	1.0	2.4
574	–1.9	–24.1	532	8.4	18.4
575	–1.9	–15.4	520	8.5	2.2
576	–2.0	–34.8	389	11.1	0.5
577	–2.1	49.3	65	28.0	29.1
578	–2.1	2.8	783	2.3	2.8
579	–2.3	3.1	639	5.9	10.3
580	–2.3	5.7	794	2.0	–1.9
581	–2.5	22.9	260	14.2	–3.6
582	–2.6	–37.8	71	27.2	–6.0
583	–2.7	–11.7	906	–2.7	–3.5
583	–2.7	–69.1	667	5.4	–1.0
585	–2.7	–36.6	600	6.9	5.7
586	–2.7	–50.6	652	5.6	–22.2
587	–2.7	14.4	631	6.1	27.2
588	–2.8	50.0	255	14.3	–44.9
589	–2.8	36.7	875	–1.3	6.3
590	–3.0	171.7	499	8.9	–6.1
591	–3.1	3.8	889	–1.8	5.0
592	–3.1	3.9	479	9.3	7.8
592	–3.1	–98.0	678	5.1	–4.0
594	–3.2	20.2	578	7.4	16.4
595	–3.4	–22.0	421	10.3	–11.6
596	–3.5	P–D	411	10.6	–17.9
597	–3.9	–10.3	537	8.2	11.3
597	–3.9	–33.8	832	0.6	12.9
599	–4.0	6.4	714	4.3	1.4
600	–4.2	P–D	576	7.5	–19.7
601	–4.2	135.3	513	8.7	4.3
602	–4.3	25.4	470	9.4	11.5
603	–4.4	–1.5	823	1.0	–1.3
603	–4.4	14.8	779	2.4	1.5
605	–4.5	–73.1	491	9.0	–17.6
606	–4.5	13.1	866	–0.5	10.0
607	–4.6	38.4	756	3.0	2.4
608	–4.8	–79.8	784	2.3	–11.6
609	–4.9	0.5	720	4.2	20.5
610	–5.0	38.6	611	6.6	1.5
611	–5.0	21.4	992	–16.2	21.8
612	–5.1	–9.7	961	–6.9	–14.2
613	–5.2	–41.9	657	5.5	–22.2
614	–5.2	–5.7	568	7.7	–2.7
615	–5.3	–84.7	618	6.5	–12.6
616	–5.3	–10.7	683	5.0	3.4
617	–5.5	–38.5	534	8.3	1.6
618	–5.5	46.3	588	7.1	16.1
619	–5.5	500.0+	93	23.6	14.0
620	–5.6	17.4	667	5.4	9.3
621	–5.6	14.3	911	–2.8	–14.6
622	–5.7	–73.8	833	0.6	–6.8
623	–5.9	–42.7	690	4.8	1.0
624	–5.9	–89.0	846	0.1	13.1
625	–5.9	–39.1	406	10.8	–8.7
626	–5.9	–2.0	607	6.6	8.1
627	–6.2	–22.2	372	11.4	11.6
628	–6.3	–87.7	931	–4.3	–8.9
629	–6.4	84.5	894	–2.1	80.7
630	–6.6	47.5	224	15.0	–2.6

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Who's where in growth

Company	Earnings per share			Sales			Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months		rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Fischbach	631	–6.7%	P–D	603	6.8%	–14.8%	California First Bank	694	–13.3%	17.7%	429	10.2%	5.0%
Harris Corp	632	–6.8	–22.8%	343	11.9	12.3	Baxter Travenol Labs	695	–13.6	–82.8	480	9.1	8.8
Big Three Industries	633	–6.9	–77.6	632	6.1	8.3	Public Service Ind	695	–13.6	–54.1	517	8.6	–0.5
Liquid Air	634	–6.9	19.2	649	5.7	9.0	Consumers Power	697	–13.7	P–D	464	9.5	0.0
Data General	635	–6.9	–70.1	218	15.2	6.7	Hanover Insurance	698	–13.8	–54.5	497	8.9	24.5
Briggs & Stratton	636	–6.9	–24.3	828	0.9	–2.7	Potlatch	699	–14.1	–7.7	737	3.7	–3.2
Chevron	637	–7.0	–8.4	946	–5.5	44.4	Avon Products	700	–14.2	–10.7	642	5.8	–5.5
Ryan Homes	638	–7.0	60.6	665	5.4	–5.2	DeKalb AgResearch	701	–14.3	–31.7	679	5.1	–12.9
Paine Webber Group	639	–7.2‡‡	120.8	97	23.2	21.4	Research-Cottrell	702	–14.5	P–D	693	4.8	3.1
Harsco	640	–7.2	54.5	861	–0.3	29.3	American Petrofina	703	–14.7	–25.5	732	3.8	7.5
Foster Wheeler	641	–7.2	–3.0	915	–3.2	–11.8	Best Products	704	–14.8	–81.8	90	23.8	4.7
Marsh & McLennan Cos	642	–7.2	102.4	232	14.7	21.3	Equitable of Iowa	705	–15.0	–10.2	768	2.7	4.9
Transamerica	643	–7.3	6.5	684	4.9	25.6	Ogden	706	–15.2	–29.4	910	–2.8	–38.1
Eastman Kodak	644	–7.4	–5.9	702	4.6	1.5	Pennzoil	707	–15.5	–47.2	827	0.9	–9.3
Pennwalt	644	–7.4	P–D	898	–2.4	–1.9	Dow Chemical	708	–15.5	–18.2	757	3.0	–2.9
Leaseway Transport	646	–7.5	–25.3	530	8.4	8.7	Kerr-McGee	709	–15.8	–36.9	724	4.1	–6.3
General Re	647	–7.6	–70.0	230	14.9	16.0	FMC	710	–15.8	–70.8	842	0.3	–10.4
Sundstrand	647	–7.6	19.2	770	2.6	24.6	Ohio Casualty	711	–15.9	8.8	722	4.2	11.3
Mapco	649	–7.6	69.2	256	14.3	–11.9	USF&G	712	–16.0	P–D	700	4.6	28.2
Paccar	650	–8.0	–18.9	846	0.1	–9.9	Norton	713	–16.4	–14.8	859	–0.2	–0.2
Transway Intl	651	–8.0	0.3	854	–0.1	2.3	Seaway Food Town	714	–16.4	158.4	547	8.0	–7.5
Anderson, Clayton	652	–8.3	–45.3	888	–1.8	6.8	Smithfield Foods	715	–16.6	177.6	49	31.2	44.5
Swift Independent	653	–8.4‡	P–D	589	7.1	6.7	McDermott Intl	716	–16.6	P–D	896	–2.3	10.1
Interco	654	–8.4	–42.8	691	4.8	–7.4	Eastern Gas & Fuel	717	–16.7	P–D	527	8.4	–3.7
WR Grace	655	–8.5	–20.3	740	3.5	6.4	BankAmerica	718	–16.8	P–D	592	7.0	–0.8
Polaroid	656	–8.5	–48.5	901	–2.5	–2.9	Dayco	719	[illegible]	–25.7	773	2.6	3.9
Centerre Bancorp	657	–8.6	24.4	508	8.7	–3.6	American Standard	720	–17.9	20.7	804	1.8	10.2
Idle Wild Foods	658	–8.6	79.7	658	5.5	18.2	Sun Chemical	721	–18.1	70.1	287	13.2	1.1
Sun Company	658	–8.6	–45.4	646	5.7	–9.8	Cooper Industries	722	–18.3	26.9	681	5.1	34.3
JWT Group	660	–8.7	–25.2	285	13.2	8.1	RLC	723	–18.5	–60.2	770	2.6	2.1
Northern Trust	661	–8.9	31.1	585	7.3	0.5	Control Data	724	–18.5	P–D	535	8.3	1.8
Owens-Illinois	662	–9.1	6.2	876	–1.4	5.7	Weyerhaeuser	725	–18.8	–43.2	733	3.7	–0.5
Enserch	663	–9.5	–95.7	460	9.6	–5.9	National Distillers	726	–19.3	–29.7	701	4.6	–33.0
CBI Industries	664	–9.5	P–D	516	8.6	32.1	Earle M Jorgensen	727	–19.4	–24.1	962	–7.1	6.0
CNA Financial	665	–9.7	–13.1	641	5.9	19.5	MGM Grand Hotels	728	–19.5	38.9	738	3.6	6.0
HH Robertson	666	–9.8	P–D	766	2.8	9.9	Stewart-Warner	729	–19.6	–12.0	949	–5.6	–6.2
First Security	667	–10.2	102.7	405	10.8	1.8	Staley Continental	730	–19.9	–84.9	671	5.3	26.5
Intl Minerals & Chem	668	–10.2	2.4	889	–1.8	–0.6	Washington National	731	–20.1	–63.5	897	–2.4	–4.4
SCM	669	–10.3	–6.8	839	0.4	9.9	Xerox	732	–20.2	–40.0	744	3.4	0.4
Lubrizol	670	–10.3	–9.9	840	0.4	8.9	Gearhart Industries	733	–20.3	–62.5	91	23.8	90.6
Ferro	671	–10.5	–36.5	844	0.2	–2.4	Datapoint	734	–21.2	P–D	114	20.7	–13.4
Handy & Harman	672	–10.6	–26.0	914	–3.2	–7.5	USLife	735	–21.9	–78.5	723	4.2	–1.4
Marsh Supermarkets	673	–10.7	139.3	591	7.1	5.5	Amerada Hess	736	–22.0	–56.2	753	3.1	–11.2
Godfrey	674	–10.8	64.4	575	7.5	9.1	Pacific Gamble	737	–22.6	1.6	731	3.8	–10.9
Bearings	675	–10.8	–15.2	596	7.0	4.4	Kemper	738	–23.1	63.4	297	12.9	30.8
Mitchell Energy	676	–10.9	–66.0	303	12.9	–7.9	Fieldcrest Mills	739	–23.8	–62.5	809	1.6	–0.6
Corning Glass Works	677	–10.9	3.3	751	3.2	–0.6	Georgia-Pacific	740	–24.1	–88.8	638	5.9	–1.2
Northwestern Natl Life	678	–11.0	–52.7	11	57.3	63.4	Union Carbide	741	–25.1	P–D	868	–0.7	–4.5
Louisiana Land	679	–11.0	9.4	563	7.7	–10.6	Walt Disney	742	–25.4	500.0+	239	14.6	21.7
Atlantic Richfield	680	–11.1	P–D	633	6.0	–12.4	Reading & Bates	743	–26.4	P–D	730	3.8	–24.3
Big V Supermarkets	681	–11.5	128.6	501	8.8	6.6	Joy Manufacturing	744	–26.6	–53.9	939	–5.4	18.4
Revlon	682	–11.6	0.3	656	5.6	0.4	International Paper	745	–26.8	P–D	872	–1.3	–3.1
Norwest	683	–11.7	86.7	160	17.6	0.4	Moore McCormack	746	–27.2	–1.6	918	–3.4	9.0
Carpenter Technology	684	–11.7	–46.5	881	–1.6	–2.3	Boise Cascade	747	–27.3	–50.3	687	4.9	–1.6
Mobil	685	–11.8	–37.5	786	2.3	–2.5	GenCorp	748	–27.5	–36.0	788	2.2	25.2
Sperry	686	–12.0	–88.9	817	1.3	13.6	Texaco	749	–27.8	–66.5	841	0.3	31.5
Freeport-McMoRan	687	–12.0	40.9	475	9.4	–5.3	United Energy	750	–29.0	P–D	747	3.4	–17.6
Perini	688	–12.4	P–D	577	7.4	–0.6	Manhattan Industries	751	–29.5‡	P–D	507	8.7	11.8
First City Bancorp	689	–12.5	–18.0	166	17.5	–0.4	Gould	752	–30.3	P–D	975	–9.6	–11.3
Willamette Inds	690	–12.6	39.4	666	5.4	2.7	Tesoro Petroleum	753	–30.4	P–D	819	1.3	–26.0
Chubb	691	–12.6	9.1	401	10.9	25.2	Rexnord	754	–31.0	75.3	930	–4.3	23.4
Champion Spark Plug	692	–12.8	–29.6	862	–0.3	2.4	Occidental Petroleum	755	–31.2	–17.6	340	11.9	–9.9
Commercial Metals	693	–12.8	–5.3	920	–3.5	–13.0	Newmont Mining	756	–32.4	–30.7	926	–4.0	–10.3

P-D: Profit to deficit. ‡Four-year growth. ‡‡Three-year growth.

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
IU International	757	–33.7%	P–D	884	–1.7%	5.9%
Gifford-Hill	758	–34.0	–98.8%	903	–2.5	–1.2
UGI	758	–34.0	–2.1	204	16.0	–10.7
Foxboro	760	–34.1	–98.0	807	1.7	3.6
Continental Corp	761	–34.3	477.1	611	6.6	6.6
Deere	762	–34.4	–64.6	933	–4.7	–2.8
Alcan Aluminium	763	–38.0	P–D	757	3.0	2.2
Dresser Industries	764	–38.5	19.2	865	–0.5	15.8
Aetna Life & Cas	765	–39.9	36.4	672	5.3	17.3
Brockway Inc (NY)	766	–41.0	D–P	481	9.1	10.0
Foodarama Supermkts	767	–44.8‡‡	D–P	802	1.8	2.6
Fluor	768	–61.1	D–D	706	4.5	–11.1
HF Ahmanson		NM	170.3	157	17.8	15.6
Alexander & Alexander		NM	D–D	474	9.4	51.5
Alexander's		NM	24.7	799	1.9	0.5
Allegheny Beverage		NM	500.0+	35	36.2	61.2
Allegheny Intl		NM	P–D	241	14.6	–12.3
Allen Group		NM	22.6	858	–0.2	–9.4
Allied-Signal		NM	301.7	129	19.6	–5.9
Allied Supermarkets		NM	Z–P	873	–1.3	–30.5
Allis-Chalmers		NM	D–D	976	–9.7	–27.6
Alcoa		NM	–76.3	772	2.6	–8.6
AM International		NM	–69.7	963	–7.4	2.2
AMAX		NM	D–D	937	–5.0	–14.1
American Bakeries		NM	26.1	878	–1.5	–6.4
American Can		NM	14.3	972	–8.3	–14.9
American Hoist		NM	D–D	982	–10.8	10.6
American Motors		NM	P–D	597	7.0	–6.6
Amfac		NM	D–D	608	6.6	0.8
Ampco-Pittsburgh		NM	119.4	850	0.0	23.4
AMR		NM	–7.3	467	9.5	13.4
Amsted Industries		NM	20.2	979	–10.1	11.9
Anchor Hocking		NM	P–D	919	–3.5	5.6
Arkansas Best		NM	21.8	360	11.7	12.3
Armco		NM	D–D	933	–4.7	–11.2
Arrow Electronics		NM	P–D	111	21.2	–22.3
Asarco		NM	D–D	943	–5.5	–20.6
Ashland Oil		NM	D–P	754	3.1	–4.4
Athlone Industries		NM	P–D	899	–2.4	–16.8
Baker International		NM	25.0	510	8.7	3.9
Bally Manufacturing		NM	P–D	75	26.4	–1.3
Barnes Group		NM	–55.2	792	2.1	–11.9
Becor Western		NM	D–P	907	–2.7	–10.7
Bell & Howell		NM	2.8	717	4.2	5.6
Beneficial Corp		NM	–18.2	965	–7.7	–13.6
Bethlehem Steel		NM	D–D	964	–7.4	–9.2
Bird		NM	D–D	925	–4.0	–25.1
Black & Decker		NM	P–D	826	1.0	13.0
Borman's		NM	D–P	798	1.9	–1.1
Butler Manufacturing		NM	D–P	885	–1.7	20.4
Caesars World		NM	62.1	200	16.1	6.5
CalFed		NM	85.4	47	31.3	18.5
Cameron Iron Works		NM	D–P	776	2.5	11.5
Caterpillar Tractor		NM	D–D	959	–6.8	–1.7
Celanese		NM	1.6	851	0.0	–7.2
CertainTeed		NM	56.5	675	5.2	–4.5
Cessna Aircraft		NM	D–P	977	–10.0	37.1
Champion Intl		NM	P–D	662	5.5	39.0
Charter		NM	D–D	900	–2.4	–52.7
Chicago Pneumatic		NM	–32.6	929	–4.3	0.5
Chromalloy American		NM	D–D	986	–12.5	–3.2
Chrysler		NM	120.3	420	10.[illegible]	17.9
Cigna		NM	60.3	477	9.3	14.9

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Cincinnati Milacron		NM	P–D	942	–5.5%	7.4%
Circle K		NM	26.5%	187	16.7	46.5
CityFed Financial		NM	0.3	23	44.2	14.6
Clark Equipment		NM	P–D	978	–10.1	–10.0
CNW		NM	P–D	822	1.1	–2.3
Coastal Corp		NM	–4.9	599	6.9	6.6
Coleco Industries		NM	D–D	17	47.7	21.9
Colonial Penn Group		NM	3.3	347	11.8	5.2
Colt Industries		NM	24.8	947	–5.6	1.6
Columbia S&L		NM	345.7	1	113.3	65.4
Combustion Eng		NM	D–D	821	1.1	–13.9
Continental Illinois		NM	D–P	818	1.3	–29.3
Cook United		NM	D–D	909	–2.8	–47.7
Copperweld		NM	P–D	953	–5.8	7.4
Crane		NM	D–P	989	–15.3	25.7
Crown Central Pet		NM	D–P	476	9.4	–16.0
Crown Zellerbach		NM	P–D	844	0.2	3.1
Cyclops		NM	58.5	697	4.7	11.9
Delta Air Lines		NM	1.1	424	10.3	6.8
DiGiorgio		NM	–73.1	816	1.4	–9.5
Diamond Shamrock		NM	D–D	349	11.8	–10.1
Dorsey		NM	14.3	801	1.9	6.2
Dravo		NM	D–D	945	–5.5	5.8
Easco		NM	D–D	426	10.3	–28.1
Eastern Air Lines		NM	D–P	580	7.3	13.6
Eaton		NM	2.0	880	–1.6	9.0
Economics Lab		NM	15.8	545	8.0	6.6
Evans Products		NM	D–D	879	–1.5	–15.1
Fairchild Industries		NM	P–D	775	2.5	–2.9
Fedl Natl Mortgage		NM	D–D	181	16.9	13.9
Finl Corp of America		NM	D–D	3	101.3	2.4
First Pennsylvania		NM	D–D	980	–10.2	0.1
Fisher Foods		NM	D–P	994	–22.7	–6.4
Ford Motor		NM	–16.3	717	4.2	1.5
LB Foster		NM	–69.2	924	–4.0	–2.8
Fremont General		NM	D–P	212	15.5	–18.4
Frontier Holdings		NM	D–P	440	10.0	–12.3
Fruehauf		NM	–9.2	811	1.6	–4.6
Fuqua Industries		NM	–8.5	988	–14.8	11.2
GAF		NM	D–P	960	–6.9	–1.2
Gates Learjet		NM	P–D	849	0.1	–23.2
GATX		NM	D–D	908	–2.8	–13.9
Gelco		NM	73.4	226	15.0	8.1
General Instrument		NM	P–D	648	5.7	–8.0
General Refractories		NM	–69.1	981	–10.2	–2.7
Genesco		NM	P–D	940	–5.4	–8.0
GEO International		NM	D–D	667	5.4	–5.7
Gibraltar Financial		NM	8.4	139	19.1	22.6
Glendale Federal S&L		NM	7.2	82	25.0	16.7
Global Marine		NM	D–D	98	23.0	–3.9
Golden West Finl		NM	73.5	89	23.9	32.1
BF Goodrich		NM	P–D	790	2.2	–5.0
Great A&P Tea		NM	52.5	938	–5.1	12.1
Gt Western Financial		NM	61.4	77	26.3	24.1
Gulf & Western Inds		NM	–7.3	954	–5.9	–59.9
Harnischfeger		NM	34.6	985	–11.2	18.8
Heck's		NM	P–D	796	2.0	6.5
Home Federal S&L		NM	7.7	121	20.0	31.5
Hoover		NM	–3.7	921	–3.6	–1.1
Hughes Tool		NM	D–P	664	5.5	10.2
Ideal Basic Inds		NM	D–D	916	–3.3	–17.6
Imperial Corp of Am		NM	D–P	184	16.8	32.5
Inco		NM	D–P	991	–15.6	4.8

D-D: Deficit to deficit   D-P: Deficit to profit   P-D: Profit to deficit   Z-P: Zero profit to profit   NM: Not meaningful   ‡‡Three year growth

Who's where in growth

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Ingersoll-Rand		NM	D–P	913	–3.2%	7.6%
Inland Steel		NM	D–D	905	–2.7	–12.2
Inspiration Resources		NM	D–D	675	5.2	27.1
InterFirst		NM	–49.2%	179	16.9	–8.8
Intl Harvester		NM	D–D	987	–13.2	–27.0
Interstate Bakeries		NM	D–P	752	3.1	2.1
Kaiser Alum & Chem		NM	P–D	856	–0.1	–30.0
Kaneb Services		NM	D–P	600	6.9	–40.4
Kaufman & Broad		NM	72.1	748	3.3	33.5
Kay		NM	123.9	882	–1.7	–21.8
Kerr Glass Mfg		NM	D–D	936	–5.0	–0.2
Koppers		NM	P–D	901	–2.5	3.2
Lafarge		NM	D–P	324	12.3	2.2
Lockheed		NM	17.2	316	12.4	25.2
Lone Star Industries		NM	114.6	743	3.5	–6.8
Louisiana-Pacific		NM	–56.6	891	–2.0	–0.6
LTV		NM	D–D	854	–0.1	24.4
Lukens		NM	500.0+	797	1.9	8.5
Mack Trucks		NM	P–D	864	–0.4	15.6
Manville		NM	P–D	955	–6.0	4.1
Martin Marietta		NM	D–P	277	13.7	–1.5
Massey-Ferguson		NM	D–D	990	–15.5	–8.5
Mattel		NM	D–P	877	–1.4	43.7
Mead		NM	–24.2	867	–0.6	3.0
Michigan National		NM	D–P	447	9.9	–0.1
Midland-Ross		NM	P–D	922	–3.7	–17.2
Mission Insurance		NM	D–D	587	7.2	–4.4
Mohasco		NM	8.7	895	–2.2	6.4
Morse Shoe		NM	–38.3	626	6.2	2.7
Nashua		NM	–21.0	893	–2.1	2.6
National Intergroup		NM	D–D	982	–10.8	–57.9
Natl Semiconductor		NM	P–D	233	14.7	–4.0
National-Standard		NM	–86.0	944	–5.5	–11.9
Nicor		NM	P–D	497	8.9	–1.9
NL Industries		NM	P–D	967	–7.7	1.8
Northwestern Steel		NM	D–D	993	–19.1	27.1
NVF		NM	D–D	410	10.7	–4.4
Oak Industries		NM	D–D	739	3.6	–30.6
Pacific Resources		NM	D–P	88	23.9	–20.1
Pan Am		NM	D–D	675	5.2	–6.8
Pantry Pride		NM	P–D	984	–[illegible].0	–55.2
Parker Drilling		NM	D–D	935	–4.9	13.6
Parker Pen		NM	17.0	755	3.1	14.3
Penn Central		NM	486.5	219	15.1	–1.1
People Express		NM	P–D		NA	72.7
Phelps Dodge		NM	D–D	974	–8.9	–5.9
Pittston		NM	D–D	965	–7.7	–11.8
PSA		NM	D–P	241	14.6	14.3
Ramada Inns		NM	44.4	282	13.3	2.4
RCA		NM	82.9	655	5.6	–6.2
Republic Airlines		NM	8.4	133	19.5	4.2
Resorts Intl		NM	P–D	686	4.9	1.4
Revere Copper		NM	D–P	968	–7.9	–19.7
Reynolds Metals		NM	P–D	834	0.5	–7.7
AH Robins		NM	P–D	445	10.0	12.3
St Paul Cos		NM	D–D	622	6.3	1.2
Savin		NM	D–D	857	–0.1	6.9
Shopwell		NM	P–D	441	10.0	8.3
Singer		NM	90.4	887	–1.8	–2.5
AO Smith		NM	P–D	791	2.1	–4.4
Smith International		NM	P–D	749	3.2	–0.2

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Southern Union		NM	P–D	805	1.7%	–42.5%
Southwest Forest Inds		NM	P–D	892	–2.1	–3.6
JP Stevens		NM	P–D	795	2.0	–9.9
Stewart & Stevenson		NM	D–P	932	–4.6	11.5
Stone Container		NM	–39.9%	73	26.9	–0.5
Storage Technology		NM	D–D	341	11.9	–25.7
Storer Communications		NM	D–D	68	27.8	12.5
Sybron		NM	D–P	969	–8.0	–11.5
Talley Industries		NM	13.6	973	–8.3	13.3
Texas Air		NM	D–P	16	49.0	59.5
Texas Instruments		NM	P–D	451	9.8	–5.3
Thorn Apple Valley		NM	P–D	494	8.9	–2.0
Tidewater		NM	D–D	812	1.5	–12.3
Tiger International		NM	D–D	802	1.8	–16.0
Timken		NM	–81.8	941	–5.4	–1.9
Toro		NM	70.4	970	–8.1	20.2
Tosco		NM	D–D	843	0.2	–14.4
Trans World Airlines		NM	P–D	762	2.9	4.1
Trinity Industries		NM	D–D	971	–8.1	10.7
UAL		NM	P–D	409	10.7	–11.4
United Brands		NM	77.3	927	–4.1	–3.0
United Merchants		NM	P–D	951	–5.7	39.1
US Home		NM	D–D	774	2.5	–13.7
United States Steel		NM	D–P	506	8.7	–0.6
Valero Energy		NM	D–D	614	6.5	56.4
Varian Associates		NM	–56.3	362	11.6	4.7
Warner Commun		NM	D–D	539	8.2	–42.4
Western Air Lines		NM	D–P	697	4.7	9.0
Western Co No Amer		NM	D–D	294	13.0	–7.9
Western Union		NM	D–D	459	9.6	–0.1
Westmoreland Coal		NM	P–D	564	7.7	–7.4
Wheeling-Pittsburgh		NM	D–D	957	–6.3	–18.0
White Consolidated		NM	P–D	871	–1.0	–9.5
Wickes Cos		NM	D–P	715	4.3	11.7
Wilson Foods		NM	D–D	917	–3.3	–18.6
FW Woolworth		NM	20.6	948	–5.6	3.2
Zale		NM	–27.9	805	1.7	2.2
Zenith Electronics		NM	–99.3	548	8.0	1.7
American Info Tech		NA	NA		NA	NA
American President		NA	–47.2	369	11.5	21.9
American Tel & Tel		NA	NA		NA	NA
Bear Stearns Cos		NA	NA	10	58.0‡‡	NA
Bell Atlantic		NA	NA		NA	NA
BellSouth		NA	NA		NA	NA
Carteret S&L		NA	169.2	24	43.4	10.4
CrossLand Savings		NA	NA	46	32.0‡	NA
Cyprus Minerals		NA	NA	557	7.8‡	8.6
First Federal Mich		NA	92.0	56	29.7	15.8
Florida Federal S&L		NA	P–D	106	22.2	15.4
Fireman's Fund		NA	NA	650	5.7‡	0.8
Gt Am First Savings		NA	NA	98	23.0	32.1
Home Group		NA	NA	734	3.7	–4.9
Masco Industries		NA	NA	515	8.7	9.3
Nynex		NA	NA		NA	NA
Pacific Telesis		NA	NA		NA	NA
PSFS		NA	–58.1	103	22.4	24.0
Southwestern Bell		NA	NA		NA	NA
Stater Bros		NA	NA	486	9.0‡	NA
Temple-Inland		NA	NA	613	6.6	–0.5
US West		NA	NA		NA	NA
Winn Enterprises		NA	P–D		NA	38.3

D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit NA: Not available NM: Not meaningful ‡Four year growth ‡‡ Three year growth

WHO'S WHERE IN THE STOCK MARKET

Remember the "Death of Equities"? Well, the DJIA is up nearly 50% in five years; 947 of the firms surveyed sport a median five-year price gain of 87%.

THE FOURTH-QUARTER RALLY took many by surprise but left few with reason to complain. The Dow finally shattered the magic 1500 mark as strength spread from an exclusive and boring concentration in takeover stocks, engulfed the entire blue-chip list and even began to move the secondary stocks.

An alphabetical list of stock market performances begins on the following page.

For most of the companies in the FORBES survey, it was fat city. There were 415 issues that doubled or better over the past five years—an annual growth rate of 14.9% or more for close to half the companies listed. Of these stars, 201 tripled or better. For all the scorn that has been heaped upon them, many stocks thus rewarded patient holders with excellent returns.

But it wasn't a computer hardware or software company or a defense-related aerospace firm that took highest honors on Wall Street for the past five years. It was toymaker Hasbro. Hasbro focused on traditional toys while many of its competitors were trashed by forays into electronics and computers. Hasbro toys such as Transformers and GI Joe are making adult-size profits for Hasbro shareholders. A $1,000 investment in Hasbro at the end of 1980 is now worth almost $33,000.

The only real technology play among the top 50 performing companies is Telex, a $661 million (sales) manufacturer of computer peripherals and audio equipment. Where were the big gains, if not in technology stocks? In retailing, of all places. Nearly half the top 50 ranked companies are retailers, specialty retailers or in food-related businesses.

Second-place Price Co., which leads all the survey companies in five-year return on equity, earned $46 million in the past 12 months with its bare-bones warehouses selling deeply discounted general merchandise. Another top performer, The Limited, specializes in women's wear; Circuit City Stores, consumer electronics; Wal-Mart Stores, home improvement products; The Gap, jeans and sportswear; Toys "R" Us, toy retailers; and Tyson Foods, processed poultry products.

Outside of retailing and food companies, Subaru of America, with a 748% gain, tailgates Chrysler with its 797% gain. Bank holding company State Street Boston had a 690% gain. Remember the old snowmobile maker Arctic Enterprises? Back in 1981 it went into Chapter 11, but the surviving entity, Minstar, a creation of Irwin Jacobs, is up 1,671%. The company got out of snowmobiles, and it gobbled Bekins in 1983, Aegis in 1984 and AMF in 1985. Significant point: Both Minstar's predecessor company and Chrysler were disasters in earlier stock markets, proving the point made in this issue's lead story that yesterday's nag is frequently tomorrow's Thoroughbred.

Of the 50 stocks with the rottenest five-year performance, about 30% of the companies are in oil. This group was in serious trouble even before the recent collapse of oil prices. At least 5 of the 50 firms with the worst stock market performance over the last five years are already bankrupt. Among those that have been nearly wiped out: Global Marine, Evans Products, Allis-Chalmers and Mission Insurance. But, if history repeats, a number of these losers will be big winners a few years down the pike *(see story with tables on p. 38)*.

Note that 56 stocks show "NA"—not available—for five-year price performance. This is because mergers, spinoffs or new stock issues make valid comparisons impossible for these companies. ■

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
348	305	Abbott Laboratories	119.9%	63⅜–23⅝	62⅛	$3.72	16.7	2.29	$1.40	2.3%	$13.33	0.21
307	35	Advanced Micro	134.8	41⅛– 4⅝	27	0.68	39.7	2.10	none	0.0	8.00	0.30
592	748	Aetna Life & Cas	47.7	53⅛–27¼	52¼	2.66	19.6	0.32	2.64	5.1	38.73	0.74
401	700	HF Ahmanson	104.5	40½– 8	39⅞	5.92	6.7	0.38	1.20	3.0	33.70	0.85
595	651	Air Prods & Chems	45.6	60½–23⅝	60¼	4.75	12.7	0.98	1.48	2.5	36.34	0.60
166	159	Albertson's	223.5	33¼– 9⅞	32¾	2.45	13.4	0.22	0.76	2.3	13.75	0.42
807	679	Alcan Aluminium	–18.8	41⅝–15⅞	27	–0.02	def	0.48	0.80	3.0	30.07	1.11
370	392	Alco Standard	113.9	40¼–16⅜	36⅝	2.32	15.8	0.20	1.24	3.4	20.51	0.56
753	857	Alexander & Alexander	–3.7	38¼–17	32¾	–1.95	def	1.48	1.00	3.1	6.53	0.20
285	165	Alexander & Baldwin	142.2	39½– 9⅝	38¾	4.35	8.9	1.50	1.40	3.6	23.87	0.62
344	92	Alexander's	121.2	30 – 7½	28¾	1.11	25.9	0.25	none	0.0	16.13	0.56
38	14	Allegheny Beverage	474.4	23⅝– 3⅞	22½	10.34	2.2	0.18	0.40	1.8	9.00	0.40
870	833	Allegheny Intl	–40.9	55⅜–16⅜	25⅛	–10.00	def	0.13	1.40	5.6	30.54	1.22
303	363	Allegheny Power	137.3	34⅜–13	32⅝	3.41	9.6	0.90	2.70	8.3	24.74	0.76
550	620	Allen Group	60.7	24¾–10½	23¼	1.95	11.9	0.44	0.70	3.0	14.69	0.63
630	194	Allied Bancshares	34.6	27½–13⅜	18⅞	2.98	6.3	0.71	0.84	4.4	13.82	0.73
650	759	Allied-Signal	27.9	48⅛–19⅛	45⅝	4.74	9.6	0.72	1.80	3.9	33.84	0.74
183	282	Allied Stores	211.5	65½–20¼	65	7.74	8.4	0.34	2.20	3.4	50.71	0.78
141	361	Allied Supermarkets	242.9	6 – 1	6	0.11	54.5	0.11	none	0.0	6.69	1.12
943	943	Allis-Chalmers	–91.1	37⅛– 3¼	3¼	–28.59	def	0.05	none	0.0	2.94	0.90
475	629	Alltel	86.3	30⅛–14⅛	29	3.23	9.0	0.89	1.96	6.8	21.03	0.73
678	615	Alcoa	19.9	48⅝–21⅞	35¾	1.07	33.4	0.54	1.20	3.4	40.39	1.13
915	947	AM International	–67.7	16¾– ⅜	5	0.27	18.5	0.33	none	0.0	2.49	0.50
920	929	AMAX	–71.5	69 –10½	11¾	–11.58	def	0.38	none	0.0	20.40	1.74
820	827	Amdahl	–23.0	29¾– 8⅝	13	0.68	19.1	0.74	0.20	1.5	9.15	0.70
847	744	Amerada Hess	–32.6	44½–15⅛	29¼	1.20	24.4	0.32	1.10	3.8	30.48	1.04
421	727	American Bakeries	98.0	27⅛– 8	27	1.98	13.6	0.18	none	0.0	16.24	0.60
568	367	American Brands	55.5	70 – 34	60¼	7.09	8.5	0.74	3.90	6.5	38.12	0.63
79	503	Amer Broadcasting	346.1	119⅞–26¾	119⅞	6.00	20.0	1.04	1.60	1.3	46.52	0.39
373	577	American Can	112.8	64⅞–25¾	64⅝	4.09	15.8	0.56	2.90	4.5	42.67	0.66
8	NR	American Continental	1,227.0	13¾– ½	9⅛	3.13	2.9	0.17	none	0.0	5.92	0.65
491	558	American Cyanamid	77.8	59 –24⅜	58	3.48	16.7	0.78	1.90	3.3	34.25	0.59
392	256	American District	106.6	32⅝–12½	27½	1.06	25.9	0.66	0.92	3.3	16.29	0.59
621	716	American Electric	37.8	24⅞–15⅛	23¼	2.50	9.3	0.91	2.26	9.7	20.39	0.88
280	237	American Express	144.7	49⅝–17¾	49¼	3.10	15.9	0.75	1.36	2.8	20.21	0.41
21	136	American Family	672.2	29⅝– 3½	29¼	1.67	17.5	0.97	0.48	1.6	9.19	0.31
233	308	American General	171.8	36¼–10½	33¾	3.29	10.3	0.50	1.00	3.0	24.86	0.74
51	24	American Greetings	417.4	37½– 5¼	29¾	2.41	12.3	1.00	0.66	2.2	13.35	0.45
898	926	American Hoist	–57.8	25⅜– 7½	8¾	–1.87	def	0.15	none	0.0	17.10	1.95
364	385	American Home Prods	116.0	66⅞–28⅛	60¾	4.63	13.1	2.01	2.90	4.8	13.70	0.23
560	551	American Hospital	59.0	51 –20⅞	51	2.91	17.5	1.10	1.12	2.2	20.62	0.40
NR	NR	American Info Tech	NA	99¼–62⅛	98⅜	10.55	9.3	1.09	6.60	6.7	72.25	0.73
268	288	American Intl Group	148.8	101¾–38⅞	99½	3.81	26.1	1.49	0.44	0.4	37.93	0.38
771	656	American Maize	–9.7	19⅞– 8	13⅞	0.22	63.1	0.16	0.52	3.7	23.01	1.66
773	286	American Medical	–10.6	37¼–13¾	19	1.94	9.8	0.72	0.72	3.8	9.73	0.51
830	900	American Motors	–25.7	11¼– 2¼	2⅞	–1.16	def	0.08	none	0.0	2.03	0.70
227	380	American Natl Ins	176.7	36⅝–11⅞	35⅝	2.96	12.0	1.33	1.20	3.4	40.36	1.13
777	471	American Petrofina	–11.5	71⅞–41	51¾	3.50	14.8	0.27	2.00	3.9	55.12	1.07
NR	NR	American President	NA	29 –11⅞	17⅝	2.94	6.0	0.34	0.50	2.8	24.54	1.39
736	712	American Standard	3.1	43¾–17	33⅞	2.97	11.4	0.40	1.60	4.7	23.63	0.70
13	63	American Stores	808.8	68¼– 6⅞	64¾	5.65	11.5	0.14	0.84	1.3	21.40	0.33
NR	NR	American Tel & Tel	NA	24⅝–14⅞	23¼	1.39	16.7	0.72	1.20	5.2	13.28	0.57
299	420	AmeriTrust	138.4	44½–13⅜	37¼	4.11	9.1	0.99	1.60	4.3	35.98	0.97
9	9	Ames Dept Stores	1,169.7	26¼– 2⅛	25¾	1.05	24.6	0.90	0.10	0.4	5.31	0.21
548	322	Ametek	61.0	30¼–11½	25¼	1.58	16.0	1.14	1.00	4.0	9.18	0.36
781	811	Amfac	–13.5	31⅜–17⅛	23⅛	–1.38	def	0.16	none	0.0	23.89	1.03
796	526	Amoco	–15.3†	80 –32¾	67⅝	7.63	8.9	0.67	3.30	4.9	46.14	0.68
418	247	AMP	98.8	39½–14½	34⅜	1.17	29.4	2.26	0.72	2.1	8.57	0.25
869	697	Ampco-Pittsburgh	–40.7	26⅜–11½	14	0.79	17.7	0.30	0.30	2.1	20.13	1.44
77	130	AMR	350.0	50¾– 8⅝	40½	5.98	6.8	0.40	none	0.0	30.86	0.76
716	825	Amsted Industries	7.2	49 –18⅝	46¼	2.68	17.3	0.73	1.60	3.5	34.15	0.74
599	541	Anchor Hocking	43.8	35¾–13⅜	25⅞	–1.59	def	0.38	1.48	5.7	24.85	0.96
310	521	Anderson, Clayton	133.9	48⅝–19⅞	48¼	1.16	41.6	0.34	1.32	2.7	47.09	0.98

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
107	112	**Anheuser-Busch Cos**	**294.6%**	39⅝–9¼	36½	$2.79	13.1	0.75	$0.80	2.2%	$ 14.37	0.39
705	199	**Anixter Bros**	**10.4**	29–9⅜	18⅝	0.96	19.4	0.52	0.28	1.5	11.22	0.60
878	874	**Apple Computer**	**–44.3**	63¼–11	19	0.99	19.2	0.61	none	0.0	7.67	0.40
659	738	**Archer-Daniels**	**25.1**	24⅞–10⅛	24¼	1.81	13.4	0.50	0.14	0.6	17.77	0.73
16	51	**Arden Group**	**729.6**	28–3	28	2.74	10.2	0.16	none	0.0	16.27	0.58
153	400	**Arkansas Best**	**232.4**	28½–6⅝	28¼	2.91	9.7	0.25	0.60	2.1	15.94	0.56
723	472	**Arkla**	**5.6**	29⅞–12⅝	18¾	0.90	20.8	0.94	1.08	5.8	9.23	0.49
929	923	**Armco**	**–77.0**	41¾–6¾	8¾	–0.43	def	0.15	none	0.0	13.99	1.60
212	66	**Armstrong Rubber**	**192.3**	24⅛–4⅞	14¼	1.52	9.4	0.20	0.48	3.4	21.65	1.52
204	389	**Armstrong World Inds**	**198.2**	43½–13¼	42½	4.05	10.5	0.62	1.30	3.1	26.63	0.63
822	772	**Arrow Electronics**	**–23.0**	34–7¾	15⅞	–0.09	def	0.18	0.20	1.3	12.47	0.79
174	241	**Arvin Industries**	**218.3**	21⅜–5⅞	21¼	2.10	10.1	0.41	0.64	3.0	13.10	0.62
899	889	**Asarco**	**–58.1**	48½–15¾	18⅛	–11.65	def	0.47	none	0.0	25.63	1.41
775	872	**Ashland Oil**	**–10.8**	41¾–20½	36¼	4.12	8.8	0.13	1.60	4.4	30.87	0.85
157	178	**Associated Dry Goods**	**230.6**	40½–11⅞	40½	3.04	13.3	0.29	1.40	3.5	24.90	0.61
766	750	**Athlone Industries**	**–8.2**	30–14⅝	20⅞	–11.43	def	0.21	1.60	7.7	21.09	1.01
298	365	**Atlanta Gas Light**	**138.7**	36¾–13½	35½	3.64	9.8	0.24	2.80	7.9	31.77	0.89
482	560	**Atlantic City Electric**	**82.5**	29¾–15⅛	28¾	2.83	10.2	0.89	2.58	9.0	24.28	0.84
731	703	**Atlantic Richfield**	**4.9**	67⅛–32¼	66¾	–0.43	def	0.61	4.00	6.0	40.84	0.61
327	300	**Automatic Data**	**127.8**	56¾–20⅝	56⅜	2.55	22.1	1.90	0.68	1.2	15.54	0.28
189	100	**Avery International**	**207.7**	39⅜–9½	35	2.47	14.2	0.76	0.68	1.9	13.70	0.39
594	191	**Avnet**	**46.1**	50–16⅞	33⅞	1.02	33.2	0.83	0.50	1.5	17.97	0.53
808	908	**Avon Products**	**–19.0**	42⅜–17⅞	27⅝	2.01	13.7	0.72	2.00	7.2	14.47	0.52
385	364	**Avondale Mills**	**109.1**	25⅞–7½	17⅜	–1.28	def	0.29	0.80	4.6	24.18	1.39
579	702	**AZP Group**	**51.1**	28⅛–14½	26⅝	3.56	7.5	1.71	2.72	10.2	24.18	0.91
135	NR	**Bairnco**	**251.7†**	35½–7⅛	25½	2.30	11.1	0.49	0.60	2.4	15.13	0.59
908	897	**Baker International**	**–65.3**	49⅜–15	16⅞	1.25	13.5	0.63	0.92	5.5	14.34	0.85
82	82	**Ball Corp**	**341.0**	32–6⅛	29⅝	2.20	13.5	0.62	0.72	2.4	12.97	0.44
841	924	**Bally Manufacturing**	**–29.3**	32⅜–11⅛	16¼	–3.28	def	0.34	0.20	1.2	14.16	0.87
277	401	**Baltimore G&E**	**145.6**	24½–9⅞	24¼	2.66	9.1	1.09	1.70	7.0	18.24	0.75
185	187	**Banc One**	**209.5**	25–7⅞	24⅝	2.12	11.6	1.22	0.80	3.2	11.68	0.47
312	283	**Bank of Boston**	**133.2**	55⅜–21⅜	55⅜	10.21	5.4	0.31	2.64	4.8	58.75	1.06
NR	NR	**Bank of New England**	**NA**	53¼–42½	49¾	4.04	12.3	0.54	2.00	4.0	22.49	0.45
247	353	**Bank of New York**	**159.7**	49⅝–16½	45⅛	6.43	7.0	0.56	2.28	5.1	41.82	0.93
63	NR	**Bank of Virginia**	**385.7**	33¼–6	29¾	3.33	8.9	0.72	1.12	3.8	18.16	0.61
891	887	**BankAmerica**	**–51.2**	30¾–12⅞	14¾	–1.24	def	0.16	0.80	5.4	28.38	1.92
325	174	**Bankers Trust NY**	**128.0**	75⅝–25¼	70⅜	10.47	6.7	0.49	2.70	3.8	61.02	0.87
658	663	**Barnes Group**	**25.2**	27⅜–11⅛	27⅜	1.46	18.8	0.46	1.00	3.7	18.09	0.66
200	105	**Barnett Banks Fla**	**200.4**	41⅝–12⅜	39⅜	3.88	10.1	0.83	1.04	2.6	21.29	0.54
743	585	**Bausch & Lomb**	**–1.6**	35⅝–16¾	30½	2.18	14.0	1.55	0.78	2.6	11.04	0.36
722	704	**Baxter Travenol Labs**	**5.9**	31⅜–11¾	14	0.22	63.6	1.00	0.37	2.6	7.83	0.56
140	183	**BayBanks**	**243.2**	62⅝–18⅜	62⅝	7.10	8.8	0.67	2.40	3.8	44.27	0.71
NR	NR	**Bear Stearns Cos**	**NA**	22½–19¼	20¼	2.89	7.0	0.45	0.60	3.0	11.01	0.54
608	NR	**Bearings**	**41.6**	41–22½	35¾	2.56	14.0	0.29	1.00	2.8	33.78	0.94
295	545	**Beatrice**	**139.0**	47–16¾	46	4.49	10.2	0.39	1.80	3.9	22.82	0.50
872	877	**Becor Western**	**–41.1‡**	26½–10¼	14½	0.15	NM	0.62	0.44	3.0	11.73	0.81
687	693	**Becton, Dickinson**	**16.3**	61½–30¾	60¾	4.20	14.5	1.07	1.32	2.2	30.05	0.49
330	277	**Bell & Howell**	**126.4**	37⅝–8¼	33¼	2.99	11.1	0.35	0.62	1.9	19.81	0.60
NR	NR	**Bell Atlantic**	**NA**	98⅝–65	98¼	10.68	9.2	1.10	6.80	6.9	75.37	0.77
NR	NR	**BellSouth**	**NA**	44⅞–27¼	44⅝	4.82	9.3	1.30	2.80	6.3	31.47	0.71
181	371	**Bemis**	**213.0**	43¾–11¼	42¼	3.21	13.2	0.35	1.00	2.4	26.10	0.62
388	696	**Beneficial Corp**	**108.6**	47¼–14⅝	45⅝	3.05	15.0	0.48	2.00	4.4	34.00	0.75
293	53	**Bergen Brunswig**	**139.5**	39½–10½	29⅜	1.91	15.4	0.15	0.32	1.1	12.68	0.43
34	65	**Berkshire Hathaway**	**518.8**	2730–425	2630	77.03	34.1	3.76	none	0.0	1108.77	0.42
692	840	**Best Products**	**15.6**	26⅜–9⅛	15⅛	0.24	63.0	0.18	0.24	1.6	15.56	1.03
873	842	**Bethlehem Steel**	**–41.2**	32–14¼	15½	–4.66	def	0.16	none	0.0	21.30	1.37
190	86	**Beverly Enterprises**	**206.2**	44¾–9⅝	37¼	2.04	18.3	0.60	0.40	1.1	16.81	0.45
NR	NR	**Big Bear**	**NA**	19–8¼	18¼	2.40	7.6	0.14	none	0.0	8.16	0.45
801	769	**Big Three Industries**	**–16.9**	38–15⅛	25¾	0.28	NM	1.22	0.80	3.1	14.56	0.57
124	227	**Big V Supermarkets**	**270.3**	16¾–4⅜	16½	0.96	17.2	0.16	0.40	2.4	7.21	0.44
NR	NR	**Bindley Western Inds**	**NA**	15½–6¾	8⅞	0.79	11.2	0.09	none	0.0	5.46	0.61
867	927	**Bird**	**–39.7**	21½–4⅝	9	–5.26	def	0.17	none	0.0	11.03	1.23
710	798	**Black & Decker**	**9.6**	28⅝–12	20⅛	–3.11	def	0.59	0.64	3.2	13.58	0.67

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. NM: Not meaningful. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
256	NR	**John Blair & Co**	153.5%	46½– 8⅛	22½	$–2.70	def	0.19	none	0.0%	$ 16.03	0.71
572	135	**Blount**	53.4	19¾– 5¼	14	1.14	12.3	0.17	$ 0.40	2.9	10.56	0.75
536	454	**Boeing**	63.6	50½– 10	48⅛	3.38	14.2	0.56	1.08	2.2	25.33	0.53
645	720	**Boise Cascade**	29.7	51 – 19¾	44¼	1.83	24.2	0.32	1.90	4.3	47.95	1.08
127	219	**Borden**	269.9	48½– 12½	47⅝	3.66	13.0	0.53	1.52	3.2	26.28	0.55
372	225	**Borg-Warner**	112.9	27¾– 9¼	22¾	1.93	11.8	0.51	0.96	4.2	17.87	0.79
206	793	**Borman's**	196.3	13¼– 2	10	0.61	16.4	0.03	none	0.0	8.13	0.81
440	512	**Boston Edison**	94.2	44⅛– 19½	41¾	4.93	8.5	0.54	3.44	8.2	33.40	0.80
NR	NR	**Bowater**	NA	25⅞– 14⅞	22¾	2.62	8.7	0.74	0.72	3.2	12.97	0.57
685	741	**Briggs & Stratton**	16.9	37¼– 22	26⅞	2.15	12.5	0.54	1.60	6.0	19.59	0.73
258	182	**Bristol-Myers**	152.1	66½– 22⅞	63½	3.77	16.8	2.01	1.88	3.0	15.58	0.25
394	645	**Brockway Inc (NY)**	106.3	29⅜– 12⅝	28⅞	2.08	13.9	0.23	1.32	4.6	26.45	0.92
419	498	**Brooklyn Union Gas**	98.8	43⅜– 19⅞	42	5.01	8.4	0.43	3.12	7.4	32.01	0.76
582	533	**Brown-Forman**	50.1‡	45⅛– 23¼	41⅜	3.66	11.3	0.95	1.00	2.4	21.16	0.51
167	117	**Brown Group**	223.0	39⅞– 10	33⅜	1.55	21.5	0.46	1.44	4.3	19.81	0.59
125	99	**Browning-Ferris Inds**	270.2	59¼– 15¼	58	3.03	19.1	1.81	1.28	2.2	13.55	0.23
44	89	**Bruno's**	436.5††	16⅛– 2½	13¾	0.72	19.1	0.58	0.16	1.2	3.89	0.28
45	34	**Brunswick**	433.9	41¾– 6½	41⅜	4.50	9.2	0.60	1.00	2.4	21.50	0.52
511	502	**Burlington Inds**	73.6	43 – 17	31¼	0.44	NM	0.32	1.64	5.2	41.82	1.34
376	106	**Burlington Northern**	111.7	69 – 17⅛	68⅛	7.63	8.9	0.57	1.40	2.1	56.98	0.84
704	876	**Burroughs**	10.4	68 – 27⅛	59½	5.01	11.9	0.55	2.60	4.4	50.65	0.85
447	500	**Business Men's Assur**	92.6	29½– 10¼	29¼	3.56	8.2	0.76	1.04	3.6	26.91	0.92
711	758	**Butler Manufacturing**	9.2	30¾– 18½	29¾	1.47	20.2	0.33	1.32	4.4	26.62	0.89
790	399	**Cabot**	–14.3	35½– 16⅛	26⅛	–2.70	def	0.60	0.92	3.5	22.54	0.86
721	917	**Caesars World**	6.0	18¼– 6⅜	15⅝	1.07	14.6	0.70	none	0.0	7.63	0.49
NR	NR	**CalFed**	NA	30 – 11⅜	24¾	5.82	4.3	0.22	0.48	1.9	36.99	1.49
402	715	**California First Bank**	103.9	25½– 11½	25	2.19	11.4	0.51	1.08	4.3	23.52	0.94
928	914	**Cameron Iron Works**	–76.8	64 – 11⅝	14	0.32	43.8	0.75	0.12	0.9	11.30	0.81
163	253	**Campbell Soup**	226.6	53½– 13⅛	50⅝	3.06	16.5	0.82	1.32	2.6	21.39	0.42
131	113	**Capital Cities**	261.7	228½– 56½	212½	10.77	19.7	2.73	0.20	0.1	57.08	0.27
211	284	**Capital Holding**	193.0	27⅝– 8⅞	26	2.32	11.2	0.67	0.82	3.2	17.74	0.68
833	NR	**Carlisle**	–26.2	54¾– 18½	31	3.23	9.6	0.56	1.08	3.5	19.85	0.64
558	628	**Carolina Power & Lt**	59.3	30⅜– 16⅝	28⅞	3.97	7.3	1.10	2.60	9.0	26.26	0.91
791	618	**Carpenter Technology**	–14.7	58¼– 28	34	2.11	16.1	0.56	2.10	6.2	35.85	1.05
306	351	**Carson Pirie Scott**	134.9	26½– 7⅛	25¼	2.65	9.5	0.19	0.60	2.4	19.82	0.78
554	598	**Carter Hawley Hale**	60.3‡	32¼– 10½	29¼	1.52	19.2	0.14	1.22	4.2	20.71	0.71
NR	NR	**Carteret S&L**	NA	16¾– 5¼	16	2.45	6.5	0.25	none	0.0	15.06	0.94
846	899	**Caterpillar Tractor**	–31.7	73¼– 28⅜	39⅝	–1.48	def	0.59	0.50	1.3	29.46	0.74
919	888	**CBI Industries**	–70.1	63⅞– 18¼	19⅛	–3.36	def	0.37	0.60	3.1	26.60	1.39
288	522	**CBS**	141.2	126¼– 33⅜	114⅞	0.16	NM	0.57	3.00	2.6	52.19	0.45
264	250	**Ceco Industries**	151.1	29⅝– 10	28¼	2.56	11.0	0.22	0.80	2.8	29.27	1.04
270	444	**Celanese**	147.7‡	136½– 41¼	136¼	11.97	11.4	0.53	4.80	3.5	74.64	0.55
481	525	**Centel**	83.2	45½– 23⅛	44⅞	4.59	9.8	0.92	2.44	5.4	28.41	0.63
533	595	**Centerre Bancorp**	64.2	35½– 15⅞	33¼	3.42	9.7	0.49	1.80	5.4	39.82	1.20
NR	NR	**Centex**	NA	26⅞– 18	25	2.32	10.8	0.35	0.25	1.0	16.28	0.65
399	518	**Central & South West**	104.9	27 – 12	26⅜	3.56	7.4	0.91	2.02	7.7	21.68	0.82
555	639	**Central Hudson G&E**	60.0	31¼– 16	28	4.45	6.3	0.66	2.96	10.6	27.91	1.00
479	578	**Central Ill Pub Svc**	83.5	21½– 9⅞	19½	1.82	10.7	0.94	1.64	8.4	16.02	0.82
729	NR	**Central Maine Power**	5.1	17⅛– 7⅞	12⅞	0.06	NM	0.54	1.40	10.9	16.17	1.26
586	534	**Central Steel & Wire**	49.6	350 –230	350	49.13	7.1	0.20	30.00	8.6	455.93	1.30
368	593	**CertainTeed**	114.6	28½– 10	25¾	2.88	8.9	0.44	0.70	2.7	22.17	0.86
684	795	**Cessna Aircraft**	17.5	36½– 14	30¼	1.07	28.3	0.75	0.40	1.3	17.00	0.56
751	830	**Champion Intl**	–3.6	30¼– 11¾	23⅝	–0.92	def	0.35	0.52	2.2	25.24	1.07
749	814	**Champion Spark Plug**	–2.8	13½– 6⅞	8¾	0.57	15.4	0.40	0.40	4.6	9.36	1.07
941	953	**Charter**	–88.5	20⅜– 1	2¼	–3.69	def	0.01	none	0.0	–10.32	NE
114	NR	**Charter Medical**	284.6	29⅜– 4½	18⅜	1.37	13.4	1.05	0.16	0.9	4.24	0.23
636	719	**Chase Manhattan**	32.5	64¼– 31¼	63¾	11.86	5.4	0.24	3.80	6.0	91.63	1.44
353	328	**Chemical New York**	118.4	44½– 17¾	41⅜	7.54	5.5	0.35	2.48	6.0	46.43	1.12
580	436	**Chesebrough-Pond's**	50.7	47¼– 27	42⅜	3.08	13.8	0.60	2.00	4.7	18.30	0.43
819	675	**Chevron**	–22.9	51¾– 23½	38⅜	4.03	9.5	0.33	2.40	6.3	43.15	1.12
668	849	**Chicago Pneumatic**	22.8	29⅜– 10⅞	22⅞	1.61	14.2	0.24	0.40	1.7	26.64	1.16
832	918	**Chromailoy American**	–26.1	28¼– 7½	15⅞	–0.30	def	0.28	none	0.0	14.61	0.92
14	60	**Chrysier**	797.4	45 – 3	43¾	16.10	2.7	0.24	1.00	2.3	27.22	0.62

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Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
195	350	Chubb	204.1%	54¼–13¼	53⅜	$2.07	25.7	0.70	$1.56	2.9%	$28.39	0.53
380	405	Church's Fried	110.4	20⅛– 8½	18½	1.16	15.9	1.23	0.44	2.4	7.04	0.38
613	NR	Cigna	40.1‡‡	63⅛–27	62	1.94	32.0	0.28	2.60	4.2	62.66	1.01
395	527	CILCorp	106.1	27¼–12¼	25¼	2.57	9.8	0.69	2.22	8.8	21.64	0.86
113	NR	Cincinnati Financial	285.0	63 –14¼	61¼	3.34	18.3	1.58	1.24	2.0	25.78	0.42
654	815	Cincinnati G&E	26.2	20 – 8⅞	19¼	2.90	6.6	0.60	2.16	11.2	20.44	1.06
859	671	Cincinnati Milacron	–38.5	46¾–15⅛	20	–1.79	def	0.68	0.72	3.6	13.10	0.66
251	231	Circle K	157.6	24⅝– 5⅜	19¾	1.78	11.1	0.20	0.50	2.5	8.07	0.41
5	NR	Circuit City Stores	1,673.2	31 – 1⅜	24⅝	1.86	13.2	0.45	0.10	0.4	8.16	0.33
453	517	Citicorp	90.7	51¾–20⅞	46¼	7.33	6.3	0.27	2.26	4.9	45.82	0.99
331	123	Citizens & So Ga	126.1	23⅞– 7⅛	19½	2.37	8.2	0.51	0.88	4.5	12.54	0.64
97	84	CityFed Financial	310.5	15¾– 1¾	10¾	3.77	2.9	0.14	0.40	3.7	14.78	1.37
813	880	Clark Equipment	–20.3	39⅛–18	25½	–4.27	def	0.39	1.10	4.3	32.40	1.27
534	695	Cleveland Electric	64.1	24¼–13⅝	24	3.55	6.8	1.45	2.64	11.0	21.51	0.90
73	148	Clorox	354.3	46¼– 9⅝	46	3.40	13.5	1.13	1.36	3.0	18.37	0.40
95	161	Cluett, Peabody	314.5	39⅜– 9½	39⅜	1.93	20.4	0.33	1.00	2.5	26.55	0.67
111	394	CNA Financial	288.3	63¼–10¼	62⅛	2.59	24.0	0.89	none	0.0	26.32	0.42
769	27	CNW	–9.6	53⅞–12¼	18⅜	–1.15	def	0.34	none	0.0	19.57	1.06
101	26	Coachmen Industries	300.0	39⅝– 2¾	12½	0.74	16.9	0.29	0.40	3.2	10.40	0.83
669	701	Coastal Corp	22.7	36⅞– 8½	34½	2.92	11.8	0.15	0.40	1.2	18.45	0.53
275	374	Coca-Cola	146.1	82½–29¾	82⅛	5.06	16.2	1.39	2.96	3.6	21,23	0.26
65	10	Coleco Industries	373.1	65 – 3	18⅝	–2.13	def	0.35	none	0.0	0.65	0.03
381	425	Colgate-Palmolive	110.3	33⅜–13⅞	30¾	0.62	49.6	0.47	1.36	4.4	14.69	0.48
30	62	Collins & Aikman	554.5	27¾– 4¼	27	2.92	9.2	0.55	0.80	3.0	13.45	0.50
384	601	Colonial Penn Group	109.2	34⅛–11¼	34	3.12	10.9	0.41	1.40	4.1	23.18	0.68
221	223	Colt Industries	181.2‡	65¾–20⅞	63⅝	7.00	9.1	0.67	2.50	3.9	17.58	0.28
765	832	Columbia Gas System	–8.1	41½–26¾	37	–2.61	def	0.36	3.18	8.6	41.10	1.11
72	NR	Columbia S&L	355.7	15⅝– 2	15⅜	8.29	1.9	0.13	none	0.0	19.69	1.28
220	376	Combined Intl	183.7	50¾–16¾	50	4.65	10.8	1.21	2.16	4.3	25.44	0.51
864	764	Combustion Eng	–38.9	49⅞–20½	28½	–2.55	def	0.36	1.00	3.5	24.00	0.84
116	104	Comdisco	283.4	42 – 4¾	22⅞	2.12	10.8	1.05	0.20	0.9	7.00	0.31
340	543	Comerica	121.8	43¼–17½	42¼	4.62	9.1	0.42	2.20	5.2	41.61	0.98
539	532	Commercial Metals	62.9	27⅞– 7⅝	19	1.42	13.4	0.12	0.36	1.9	19.53	1.03
555	573	Commonwealth Ed	60.0	32⅞–17¾	29	4.54	6.4	1.10	3.00	10.3	28.69	0.99
417	467	Commonwealth Energy	99.2	30⅝–12⅜	28⅝	4.33	6.6	0.38	2.52	8.8	25.88	0.90
578	851	Computer Sciences	52.0	29¾–11	28⅞	2.16	13.4	0.51	none	0.0	13.59	0.47
923	NR	Computervision	–73.3	52⅞– 9⅛	10¾	–1.53	def	0.63	none	0.0	9.20	0.86
230	44	ConAgra	173.6	41⅞–10¾	41½	2.75	15.1	0.25	1.00	2.4	13.90	0.33
210	243	Consolidated Edison	193.5	38 –11⅜	36½	4.36	8.4	0.80	2.40	6.6	30.64	0.84
198	267	Consol Freightways	202.0	37⅛–12¼	37	3.07	12.1	0.51	1.10	3.0	21.63	0.58
528	317	Consol Natural Gas	65.0	47⅞–20	46	4.78	9.6	0.57	2.64	5.7	34.40	0.75
196	206	Consolidated Papers	203.9	54⅝–11⅝	49	4.79	10.2	1.49	1.48	3.0	19.17	0.39
892	940	Consumers Power	–52.6	21⅞– 4⅛	7⅞	–0.47	def	0.21	none	0.0	25.92	3.29
422	637	Continental Corp	97.9	48⅛–20⅝	47¾	2.02	23.6	0.54	2.60	5.4	38.58	0.81
NR	NR	Continental Illinois	NA	10⅛– ⅜	7⅝	1.50	5.1	0.12	none	0.0	6.57	0.86
573	600	Continental Telecom	53.2	25⅞–14¾	24⅛	3.12	7.7	0.75	1.80	7.5	17.92	0.74
885	604	Control Data	–48.2	64⅜–15⅛	18¼	–6.22	def	0.14	none	0.0	46.06	2.52
932	937	Cook United	–82.4	9¾– ⅞	1	–4.32	def	2.56	none	0.0	–2.63	NE
825	775	Cooper Industries	–24.2	55¾–19¼	40¾	2.50	16.3	0.65	1.52	3.7	26.12	0.64
241	23	Cooper Tire & Rubber	165.5	22¾– 6⅛	18¼	1.97	9.3	0.35	0.40	2.2	16.04	0.88
690	689	Adolph Coors	15.9	29⅛– 9⅞	18¼	1.31	13.9	0.51	0.40	2.2	25.45	1.39
874	713	Copperweld	–41.5	31⅝– 8⅜	9¾	–2.87	def	0.18	none	0.0	16.55	1.70
122	167	CoreStates Financial	272.9	31⅛– 6⅝	30⅞	5.94	5.2	0.88	1.24	4.0	18.67	0.60
414	688	Corning Glass Works	100.0	59¾–19⅝	59⅝	2.22	26.9	1.50	1.40	2.3	26.15	0.44
518	606	CPC International	68.7	53¼–27¾	53⅛	2.99	17.8	0.61	2.20	4.1	27.26	0.51
761	711	Crane	–6.2‡	43⅛–16¾	38	3.35	11.3	0.34	1.60	4.2	22.91	0.60
NR	NR	CrossLand Savings	NA	12⅝– 8⅞	12½	–0.88	def	0.18	none	0.0	19.63	1.57
855	936	Crown Central Pet	–36.0	30 – 9⅛	17½	2.28	7.7	0.08	none	0.0	29.78	1.70
218	506	Crown Cork & Seal	184.6‡	83½–22¾	80¾	6.22	13.0	0.60	none	0.0	43.36	0.54
802	886	Crown Zellerbach	–17.5	53⅜–15⅛	40	–1.81	def	0.35	1.00	2.5	37.69	0.94
508	546	CSX	74.3	28⅞–12⅛	27¾	2.73	10.2	0.57	1.16	4.2	32.73	1.18
24	20	Culbro	617.1	36¾– 5¼	36¾	2.43	15.1	0.16	0.80	2.2	33.15	0.90
346	193	Cullum Cos	120.7	23 – 8⅛	20	1.62	12.3	0.20	0.50	2.5	9.74	0.49

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Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
321	217	Cummins Engine	129.8%	88½-25⅞	69½	$ 7.67	9.1	0.30	$ 2.20	3.2%	$68.62	0.99
144	181	Curtice-Burns	241.1	31¼- 7	23⅞	2.57	9.3	0.14	0.92	3.9	17.17	0.72
375	447	Cyclops	112.2	52¼-13⅝	52	6.31	8.2	0.15	1.10	2.1	48.25	0.93
NR	NR	Cyprus Minerals	NA	16 -11	15¼	–2.19	def	0.63	none	0.0	42.99	2.82
455	514	Dana	90.4	33⅜-14¼	27⅛	3.27	8.3	0.41	1.28	4.7	21.73	0.80
231	330	Dart & Kraft	172.4‡	42 -14¼	39½	3.10	12.7	0.58	1.56	3.9	18.09	0.46
644	318	Data General	29.8	76 -10⅛	42¾	0.92	46.5	0.87	none	0.0	24.32	0.57
NR	905	Datapoint	NA	5⅝- 4	5⅜	–2.61	def	0.20	none	0.0	17.48	3.25
591	667	Dayco	47.8	22 - 6¼	17	1.94	8.8	0.14	0.24	1.4	23.05	1.36
105	121	Dayton-Hudson	298.0	45¼-10⅞	43½	2.88	15.1	0.49	0.82	1.9	17.90	0.41
527	737	Dayton Power & Lt	65.3	20⅝-11⅛	19⅝	2.43	8.1	0.79	2.00	10.2	19.06	0.97
58	13	Dean Foods	397.5	40⅝- 6⅝	39¼	2.22	17.7	0.53	0.56	1.4	9.40	0.24
876	852	Deere	–41.7	48 -22	28	0.67	41.8	0.46	1.00	3.6	33.78	1.21
886	860	DeKalb AgResearch	–48.3	51½-12¼	26¾	1.62	16.5	0.57	0.72	2.7	30.42	1.14
NR	NR	Delchamps	NA	20¼-10¾	17⅞	1.38	13.0	0.19	0.28	1.6	9.61	0.54
343	453	Delmarva Power & Lt	121.3	26⅝-10½	26	2.73	9.5	1.11	1.92	7.4	17.70	0.68
656	329	Delta Air Lines	25.9	52¾-22⅝	37⅛	5.73	6.5	0.32	1.00	2.7	32.21	0.87
169	149	Deluxe Check	221.5	44¾- 6	43	2.33	18.5	2.50	1.04	2.4	6.97	0.16
398	341	Dennison Mfg	105.0	28⅛-10⅜	23¾	1.76	13.5	0.54	1.20	5.1	14.94	0.63
229	155	DeSoto	174.0‡	37⅞-11¼	34¼	3.06	11.2	0.40	1.40	4.1	24.17	0.71
601	657	Detroit Edison	43.7	17⅞-10⅞	15⅝	2.29	6.8	0.82	1.68	10.7	16.88	1.08
671	462	Dexter	22.6	29⅛-11	23⅝	1.76	13.4	0.62	0.80	3.4	12.96	0.55
477	807	DiGiorgio	85.2	18¾- 7⅞	17⅛	0.14	NM	0.10	0.64	3.7	16.27	0.95
897	903	Diamond Shamrock	–56.2	39⅝-14⅞	15½	–4.97	def	0.46	1.00	6.5	20.51	1.32
62	38	Dibrell Brothers	386.4	27 - 4¾	24½	2.89	8.5	0.28	0.80	3.3	17.73	0.72
662	519	Digital Equipment	24.6	132⅛-61¾	118⅜	6.17	19.2	1.02	none	0.0	76.87	0.65
4	2	Dillard Dept Stores	1,998.6	38⅛- 1⅝	35¾	2.02	17.7	0.71	0.10	0.3	10.20	0.29
452	622	Walt Disney	91.0	98¼-43⅜	97⅞	5.15	19.0	1.59	1.20	1.2	34.26	0.35
324	476	Diversified Energies	128.2	28½- 8½	21¼	1.32	16.1	0.23	1.40	6.6	18.46	0.87
393	387	Dominion Resources	106.5	34⅛-15¼	32⅛	3.60	8.9	1.06	2.84	8.8	28.65	0.89
160	116	RR Donnelley	229.3	61⅞-15¼	58¼	3.74	15.6	1.13	1.16	2.0	20.87	0.36
391	344	Dorsey	106.9‡	44⅝-16	37½	2.72	13.8	0.19	1.20	3.2	24.14	0.64
674	272	Dover	21.5	42½-17¾	38⅛	2.65	14.4	0.93	0.88	2.3	15.77	0.41
679	817	Dow Chemical	19.8	39 -19⅝	38½	2.29	16.8	0.65	1.80	4.7	26.63	0.69
226	67	Dow Jones	177.9	57 -14⅞	42⅜	2.05	20.7	2.68	0.78	1.8	7.86	0.19
893	904	Dravo	–53.3	31⅞- 9¼	14⅞	–0.94	def	0.23	0.50	3.4	14.23	0.96
907	858	Dresser Industries	–63.8	54⅞-12¼	19⅜	1.18	16.4	0.36	0.80	4.1	24.90	1.28
576	691	EI du Pont	52.1	64½-30	63⅞	3.79	16.9	0.45	3.00	4.7	50.06	0.78
472	455	Duke Power	87.6	35⅞-15⅞	34	3.80	8.9	1.20	2.60	7.6	27.80	0.82
225	152	Dun & Bradstreet	179.4	83¼-26⅝	79⅝	3.75	21.2	2.31	2.20	2.8	16.12	0.20
627	707	Duquesne Light	35.7	19 -11⅜	17⅛	2.20	7.8	1.38	2.06	12.0	16.27	0.95
842	658	DWG	–30.3	3⅝- 1½	1⅝	–0.13	def	0.02	none	0.0	4.73	2.90
726	822	Dynalectron	5.4	17⅜- 5⅝	14⅝	1.26	11.6	0.21	0.27	1.8	10.80	0.74
291	127	E-Systems	140.0	44¾- 9⅝	30	1.99	15.1	0.98	0.50	1.7	9.63	0.32
617	705	Eagle-Picher Inds	38.5	28¼- 9⅝	27	2.71	10.0	0.40	1.04	3.9	25.06	0.93
513	670	Easco	73.3	23½-10½	18⅝	–7.60	def	0.34	none	0.0	14.87	0.80
806	902	Eastern Air Lines	–18.6	13⅛- 3½	6	1.06	5.7	0.07	none	0.0	2.95	0.49
792	646	Eastern Gas & Fuel	–14.9	30 -14¼	24⅞	–3.69	def	0.45	1.30	5.2	22.16	0.89
727	489	Eastman Kodak	5.4	65⅜-40⅛	49	3.19	15.4	1.05	2.20	4.5	30.58	0.62
367	321	Eaton	114.9	61½-22¾	61¼	7.33	8.4	0.56	1.40	2.3	36.42	0.59
437	449	Echlin	94.6	15½- 5	13⅜	1.10	12.2	0.72	0.44	3.3	6.28	0.47
625	520	Jack Eckerd	36.4	34⅞-17⅜	30	–0.22	def	0.43	1.04	3.5	14.49	0.48
486	774	Economics Laboratory	80.6	37¾-16	37¼	3.00	12.4	0.68	1.04	2.8	17.17	0.46
NR	NR	Edison Bros Stores	NA	33¼-31	33⅛	2.16	15.3	0.40	1.60	4.8	27.88	0.84
499	169	EG&G	76.5‡	43 -14½	38½	1.97	19.5	0.92	0.52	1.4	5.59	0.15
400	323	Emerson Electric	104.8	78¼-36	74¾	5.43	13.8	1.19	2.76	3.7	27.27	0.36
714	740	Emery Air Freight	7.4	26⅝- 7	16¼	1.18	13.8	0.36	0.50	3.1	8.80	0.54
332	304	Emhart	125.6	33⅛-11⅞	30¼	2.96	10.2	0.48	1.40	4.6	19.17	0.63
755	684	Engelhard	–4.1††	44¾-17	23¼	1.83	12.7	0.28	0.72	3.1	17.87	0.77
844	803	Enserch	–30.8	35⅛-15¾	23⅛	0.05	NM	0.38	1.60	6.9	17.99	0.78
649	717	Entex	28.5	24¼-10⅛	19¾	1.60	12.3	0.47	1.36	6.9	14.12	0.71
53	102	Equifax	408.4	35½- 6⅝	35⅜	1.68	21.1	0.69	1.24	3.5	8.34	0.24
590	788	Equitable of Iowa	48.4	29½-13½	23¾	1.59	14.9	0.31	1.28	5.4	36.64	1.54

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Who's where in the stock market

Rank		Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
85	84											
463	NR	**Equitable Resources**	89.0%	50½–12½	42⅝	$ 4.38	9.7	1.16	$1.72	4.0%	$26.62	0.62
NR	NR	**Esselte Business Sys**	NA	24½–12⅝	23¾	1.55	15.3	0.74	0.44	1.9	11.77	0.50
106	301	**Ethyl**	296.3‡	27 – 4½	26⅞	1.65	16.3	1.10	0.60	2.2	11.26	0.42
946	948	**Evans Products**	–93.9	24⅛– 1	1⅛	–5.84	def	0.01	none	0.0	7.64	6.79
494	571	**Ex-Cell-O**	77.3	44⅞–18¼	44⅝	3.89	11.5	0.57	1.72	3.9	32.27	0.72
640	473	**Exxon**	31.2	55⅞–24⅞	52⅞	5.83	9.1	0.46	3.60	6.8	36.84	0.70
916	850	**Fairchild Industries**	–69.2	33⅞– 8⅞	10	–15.11	def	0.16	0.20	2.0	20.20	2.02
737	635	**Farm House Foods**	3.0‡	6⅝– 2⅝	4⅛	0.37	11.1	0.03	none	0.0	3.81	0.92
261	373	**Farmers Group**	151.6	70¼–25¼	70⅛	5.14	13.6	2.47	1.76	2.5	30.96	0.44
491	398	**Federal Co**	77.8	46⅜–16¾	46	4.49	10.2	0.30	2.08	4.5	30.11	0.65
300	160	**Federal Express**	137.9	53½–20⅝	52⅝	2.09	25.2	1.13	none	0.0	17.27	0.33
509	291	**Federal-Mogul**	73.8	39 –18	36½	3.35	10.9	0.55	1.60	4.4	24.23	0.66
379	791	**Fedl Natl Mortgage**	110.5	30⅛– 6⅜	25	–0.23	def	0.18	0.16	0.6	18.35	0.73
686	536	**Federal Paper Board**	16.3	27 – 8⅞	17⅞	1.03	17.4	0.32	0.70	3.9	15.09	0.84
292	386	**Federated Dept Strs**	139.9	69 –28⅜	68⅜	6.86	10.0	0.33	2.54	3.7	52.26	0.76
620	698	**Ferro**	37.9	39⅞–18½	29⅛	1.90	15.3	0.30	1.20	4.1	28.13	0.97
74	69	**Fidelcor**	354.0	34⅝– 7¼	32⅝	4.09	8.0	0.52	1.32	4.0	24.20	0.74
624	665	**Fieldcrest Mills**	36.6	39 –17⅛	34½	1.11	31.1	0.24	1.00	2.9	44.49	1.29
478	271	**Figgie Intl**	84.3	38¾–12⅞	38¼	4.30	8.9	0.30	0.68	1.8	31.65	0.83
552	164	**Finl Corp of America**	60.4‡	32¾– 3⅝	7	–15.18	def	0.08	none	0.0	1.59	0.23
NR	NR	**Fireman's Fund**	NA	32½–25⅞	32	–1.48	def	0.64	0.30	0.9	23.23	0.73
454	348	**Firestone**	90.5‡	23⅞– 8⅞	20	1.35	14.8	0.21	0.80	4.0	28.48	1.42
52	37	**First Atlanta**	415.4	28¾– 5½	28⅝	2.78	10.3	0.90	0.68	2.4	12.48	0.44
412	575	**First Bank System**	100.7	43 –13¾	39⅞	5.49	7.3	0.44	1.60	4.0	37.08	0.93
30	11	**First Boston**	554.5	47⅜– 5¼	45	4.09	11.0	0.52	1.00	2.2	18.57	0.41
544	597	**First Chicago**	61.6	28 –13½	25¼	2.73	9.2	0.27	1.32	5.2	34.12	1.35
896	841	**First City Bancorp**	–54.5	41¼–10¾	12	0.91	13.2	0.21	0.60	5.0	23.56	1.96
98	19	**First Executive**	308.4	18⅞– 3¼	17	1.24	13.7	0.26	none	0.0	11.61	0.68
NR	NR	**First Federal Mich**	NA	19⅝– 5¾	16⅞	4.78	3.5	0.15	none	0.0	22.57	1.34
170	244	**First Fidelity Bncp**	220.8	62¼–19	62¼	7.07	8.8	0.71	3.12	5.0	47.50	0.76
600	631	**First Interstate**	43.8	55⅜–21⅝	51¼	6.65	7.8	0.43	2.50	4.8	50.62	0.98
61	NR	**First of America Bank**	389.0	42½– 8¾	42⅜	5.24	8.1	0.64	1.40	3.3	27.51	0.65
585	896	**First Pennsylvania**	50.0	8½– 2⅜	6¾	–0.16	def	0.27	none	0.0	14.11	2.09
672	779	**First Security**	22.5	27⅜–14⅛	24½	1.50	16.3	0.51	1.10	4.5	28.68	1.17
164	NR	**First Tennessee Natl**	226.5	28⅝– 7⅞	27¾	3.01	9.2	0.70	1.12	4.0	18.21	0.66
128	97	**First Union**	269.6	44¾–11¼	42½	5.04	8.4	0.95	1.24	2.9	25.01	0.59
255	469	**First Wisconsin**	153.7	39 –10½	39	4.06	9.6	0.55	1.30	3.3	34.22	0.88
786	550	**Fischbach**	–14.1	55½–23½	28¼	–0.95	def	0.12	none	0.0	45.23	1.60
520	726	**Fisher Foods**	67.2	14⅝– 7⅛	12¾	0.05	NM	0.11	0.05	0.4	13.78	1.08
117	119	**Fleet Financial**	281.1	43 – 9¾	37⅝	4.53	8.3	0.81	1.44	3.8	23.72	0.63
49	31	**Fleetwood Enterprises**	425.7	41⅞– 4⅛	23	2.14	10.7	0.43	0.44	1.9	11.10	0.48
186	87	**Fleming Cos**	208.7	40¼–11¼	39¾	2.87	13.9	0.13	1.00	2.5	17.72	0.45
NR	NR	**Florida Federal S&L**	NA	22⅝–13	18¾	–0.46	def	0.32	0.20	1.1	31.04	1.66
146	NR	**Florida Natl Banks**	239.3	41⅞–12⅛	41	7.14	5.7	0.81	0.80	2.0	23.74	0.58
347	442	**Florida Progress**	120.2	30⅛–12⅜	30	3.46	8.7	0.91	2.28	7.6	20.03	0.67
47	30	**Flowers Industries**	430.4	22¼– 3⅝	22	1.13	19.5	0.80	0.46	2.1	6.18	0.28
924	895	**Fluor**	–73.8	61⅞–11⅞	15¾	–1.00	def	0.30	0.40	2.5	21.49	1.36
336	264	**FMC**	124.6‡	72 –23⅛	68½	2.02	33.9	0.54	2.20	3.2	36.72	0.54
41	72	**Food Lion**	452.2	20¾– 3½	20¼	0.84	24.1	0.62	0.07	0.3	3.08	0.15
101	434	**Foodarama Supermkts**	300.0	14⅜– 3	12½	2.36	5.3	0.04	none	0.0	16.62	1.33
96	269	**Ford Motor**	313.5	55⅝–10½	55⅛	13.56	4.1	0.20	2.80	5.1	53.11	0.96
151	198	**Fort Howard Paper**	233.6	50½–12¾	46½	2.40	19.4	2.15	0.92	2.0	13.29	0.29
921	912	**LB Foster**	–71.9††	17½– 4	4	0.12	33.3	0.11	0.10	2.5	7.59	1.90
889	800	**Foster Wheeler**	–51.0	25⅝– 9⅝	12	0.96	12.5	0.34	0.44	3.7	11.15	0.93
857	673	**Foxboro**	–36.7	47½–21½	24¾	0.01	NM	0.56	none	0.0	23.64	0.96
NR	NR	**FoxMeyer**	NA	29¾–20	25¼	1.57	16.1	0.18	none	0.0	16.52	0.65
436	396	**FPL Group**	95.2	28⅞–11⅝	25½	3.29	7.8	0.72	1.96	7.7	20.15	0.79
863	893	**Freeport-McMoRan**	–38.8	40⅝–12¼	20¾	1.79	11.6	1.79	0.60	2.9	10.22	0.49
529	599	**Fremont General**	65.0	33⅞– 5½	24½	14.35	1.7	0.48	0.48	2.0	12.64	0.52
542	685	**Frontier Holdings**	62.5	28¾– 8¼	24	2.67	9.0	0.46	none	0.0	13.53	0.56
616	616	**Fruehauf**	38.7	33⅜–10⅛	23	3.75	6.1	0.17	0.70	3.0	27.26	1.19
59	126	**Fuqua Industries**	396.6	39⅞– 6¼	36	3.33	10.8	0.38	0.40	1.1	18.63	0.52
136	215	**GAF**	250.5	48 – 8⅝	46⅞	3.09	15.2	1.12	0.20	0.4	12.33	0.26

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Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
286	287	**Gannett**	**142.2%**	66⅛–19¾	59⅛	$3.10	19.1	2.20	$1.68	2.8%	$14.25	0.24
20	64	**Gap**	**683.2**	28⅜– 3¼	28⅛	0.64	43.9	0.84	0.36	1.3	7.47	0.27
903	752	**Gates Learjet**	**–59.6**	27¾– 7⅞	9¼	–1.69	def	0.34	none	0.0	9.40	1.02
799	835	**GATX**	**–16.8**	41⅛–20½	30⅞	–3.73	def	0.54	1.20	3.9	28.36	0.92
937	NR	**Gearhart Industries**	**–86.9**	56½– 7¼	7⅜	0.30	24.6	0.28	none	0.0	14.69	1.99
42	29	**Geico**	**447.0**	80¾–14⅜	80	4.27	18.7	1.27	1.00	1.3	22.40	0.28
875	845	**Gelco**	**–41.5**	32 –13⅜	18⅛	1.63	11.1	0.25	0.56	3.1	16.22	0.89
119	419	**GenCorp**	**274.7**	65 –16⅞	63⅝	1.76	36.2	0.48	1.50	2.4	41.56	0.65
33	58	**General Cinema**	**537.7**	41⅜– 6⅜	41¼	3.26	12.7	1.58	0.50	1.2	9.46	0.23
545	270	**General Dynamics**	**61.4‡**	84 –18¾	69	9.29	7.4	0.37	1.00	1.4	24.58	0.36
366	252	**General Electric**	**115.1**	66¼–25½	65⅞	5.12	12.9	1.09	2.32	3.5	27.64	0.42
48	142	**General Host**	**426.0**	19¾– 3½	19½	5.05	3.9	0.65	0.30	1.5	12.07	0.62
883	647	**General Instrument**	**–47.2**	66⅞–12¾	16⅜	–1.18	def	0.58	0.25	1.5	19.01	1.16
254	302	**General Mills**	**154.6†**	68⅞–26¾	68¾	–1.73	def	0.70	2.24	3.3	23.03	0.33
566	494	**General Motors**	**56.4**	85 –33⅞	70⅜	10.95	6.4	0.24	5.00	7.1	75.95	1.08
172	612	**General Public Utils**	**220.9**	16⅛– 3⅞	16	1.97	8.1	0.35	none	0.0	26.05	1.63
126	212	**General Re**	[illegible]	100⅝–25¾	99¼	0.86	NM	2.36	1.56	1.6	30.33	0.31
728	829	**General Refractories**	**5.3**	14¼– 2⅜	10	0.46	21.7	0.13	none	0.0	4.03	0.40
744	648	**General Signal**	**–1.7**	54 –28	44	3.64	12.1	0.70	1.80	4.1	31.53	0.72
871	499	**Genesco**	**–40.9**	11⅛– 2¾	3¼	–0.83	def	0.09	none	0.0	5.40	1.66
462	306	**Genuine Parts**	**89.3**	36 –17¼	33⅛	2.31	14.3	0.79	1.18	3.6	12.90	0.39
940	949	**GEO International**	**–88.4††**	46½– 3	3⅞	–1.33	def	0.19	none	0.0	9.19	2.37
746	813	**Georgia-Pacific**	**–2.0**	32⅜–13¼	24½	0.25	NM	0.37	0.80	3.3	20.58	0.84
148	230	**Gerber Products**	**236.4**	41⅛–10¾	40	2.60	15.4	0.85	1.32	3.3	17.24	0.43
11	54	**Giant Food**	**848.5**	26⅞– 2⅝	26⅞	1.71	15.7	0.37	0.50	1.9	7.68	0.29
713	854	**Gibraltar Financial**	**7.6**	16 – 2⅝	8⅞	2.20	4.0	0.14	none	0.0	12.03	1.36
665	746	**Gifford-Hill**	**23.4**	27 –10	19¾	0.02	NM	0.39	0.52	2.6	23.40	1.18
263	292	**Gillette**	**151.4**	70¼–27	70⅜	5.12	13.7	0.93	2.60	3.7	25.66	0.36
NR	NR	**Glendale Federal S&L**	**NA**	15 – 6¾	14¾	2.53	5.8	0.21	0.20	1.4	31.74	2.15
947	910	**Global Marine**	**–95.8**	36½– 1⅛	1½	–6.54	def	0.12	none	0.0	12.47	8.31
474	461	**Godfrey**	**86.9**	21 – 6⅞	19	1.43	13.3	0.08	0.52	2.7	11.98	0.63
219	402	**Golden West Finl**	**184.1**	27¼– 3⅛	26¾	4.37	6.1	0.63	0.16	0.6	10.16	0.38
634	563	**BF Goodrich**	**33.2**	43⅞–16⅝	33⅛	–15.87	def	0.23	1.56	4.7	48.25	1.46
487	334	**Goodyear**	**80.5**	36⅞–15⅞	28⅞	4.05	7.1	0.32	1.60	5.5	29.78	1.03
458	633	**Gordon Jewelry**	**89.6**	22⅞– 9¼	18⅛	0.72	25.2	0.42	0.52	2.9	22.55	1.24
664	802	**Gould**	**24.0**	43¾–19	31⅝	–3.49	def	1.03	0.68	2.1	19.59	0.62
843	751	**WR Grace**	**–30.7**	59⅝–28½	40⅞	3.18	12.9	0.28	2.80	6.8	45.07	1.10
423	503	**WW Grainger**	**97.9**	36⅛–16⅝	34⅛	2.44	14.0	0.89	0.68	2.0	16.08	0.47
NR	NR	**Gt Am First Savings**	**NA**	21½– 8⅛	20	2.77	7.2	0.29	0.48	2.4	27.67	1.38
132	332	**Great A&P Tea**	**259.6**	20 – 3½	18⅞	1.54	12.3	0.11	0.40	2.1	15.48	0.82
584	479	**Gt Northern Nekoosa**	**50.0**	43¼–19⅜	38⅞	2.32	16.8	0.51	1.52	3.9	37.80	0.97
546	735	**Gt Western Financial**	**61.1**	31½– 9½	30	4.05	7.4	0.36	1.00	3.3	25.78	0.86
345	466	**Greyhound**	**120.8**	32⅜–12½	30⅝	2.44	12.6	0.58	1.32	4.3	23.72	0.77
316	220	**Grumman**	**132.0**	36⅜–10½	32⅝	2.83	11.5	0.31	1.00	3.1	18.99	0.58
562	555	**GTE**	**58.3**	48⅜–24½	43⅛	5.10	8.5	0.59	3.16	7.3	35.82	0.83
215	357	**Gulf & Western Inds**	**189.0**	46¼–11¼	45⅞	3.31	13.9	1.74	0.90	2.0	29.15	0.64
712	722	**Gulf States Utils**	**8.6**	16½–10	12⅝	2.24	5.6	0.69	1.64	13.0	15.79	1.25
914	859	**Halliburton**	**–66.8**	84½–21	27¾	0.36	NM	0.61	1.80	6.5	31.19	1.12
444	274	**Hammermill Paper**	**93.1**	42⅞–14⅜	34¾	2.61	13.3	0.29	1.36	3.9	30.75	0.88
862	790	**Handy & Harman**	**–38.8**	34½–12¼	17¾	0.74	24.0	0.43	0.66	3.7	9.75	0.55
22	32	**Hannaford Bros**	**672.1**	27⅞– 3⅜	27⅞	1.69	16.5	0.31	0.50	1.8	8.94	0.32
142	222	**Hanover Insurance**	**242.8**	51⅜–12⅜	51⅛	0.96	53.3	0.62	0.56	1.1	31.95	0.62
118	195	**Harcourt Brace**	**279.3**	68⅞–12½	64¼	4.34	14.8	0.79	1.00	1.6	22.27	0.35
828	875	**Harnischfeger**	**–25.0**	23¼– 5½	10½	0.35	30.0	0.29	none	0.0	11.36	1.08
887	828	**Harris Corp**	**–49.2**	60¼–20⅜	26½	1.69	15.7	0.46	0.88	3.3	21.56	0.81
451	511	**Harsco**	**91.1**	32⅛–14⅞	32⅛	3.09	10.4	0.48	1.38	4.3	21.79	0.68
228	NR	**Hartford National**	**176.0**	34⅞–12⅛	34½	4.13	8.4	0.86	1.72	5.0	22.44	0.65
121	96	**Hartmarx**	**273.7**	39⅜– 9⅜	35½	3.37	10.5	0.40	1.28	3.6	24.36	0.69
272	311	**Harvey Hubbell**	**147.5**	25⅛– 8⅜	24¾	1.83	13.5	1.18	0.76	3.1	10.31	0.42
1	NR	**Hasbro**	**3,182.0**	39½– ⅞	35⅜	3.43	10.3	0.73	0.15	0.4	11.78	0.33
369	438	**Hawaiian Electric**	**114.2**	25⅜–10¼	22⅝	2.33	9.7	0.56	1.72	7.6	20.04	0.89
648	661	**Heck's**	**28.8**	19⅜– 8½	12⅞	–0.82	def	0.23	0.28	2.2	11.06	0.86
515	458	**G Heileman Brewing**	**72.0**	44 – 9⅝	19⅛	1.63	11.7	0.43	0.50	2.6	10.21	0.53

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. ††Four year price change. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank		Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
85	84											
88	110	**HJ Heinz**	**330.7%**	34¼–7⅝	33⅜	$1.99	16.8	1.12	$0.90	2.7%	$ 8.97	0.27
407	445	**Hercules**	**102.0**	43⅛–16⅞	38⅜	2.80	13.7	0.81	1.60	4.2	25.57	0.67
78	115	**Hershey Foods**	**348.9**	53⅜–11⅝	52¾	3.55	14.9	0.84	1.50	2.8	21.09	0.40
564	248	**Hewlett-Packard**	**57.0**	48¼–18	35⅛	1.91	18.4	1.39	0.22	0.6	13.82	0.39
213	NR	**Hillenbrand Inds**	**190.8**	26⅞–7½	23⅝	1.84	12.8	0.91	0.54	2.3	12.09	0.51
557	414	**Hilton Hotels**	**59.5**	73½–27⅝	67⅜	4.64	14.5	2.49	1.80	2.7	24.00	0.36
397	246	**Holiday**	**105.1**	59–21⅛	55⅜	4.66	11.9	0.83	1.00	1.8	28.99	0.52
633	906	**Holly Corp**	**33.6**	20⅜–4⅞	20⅜	2.78	7.3	0.19	0.24	1.2	14.74	0.72
NR	NR	**Home Federal S&L**	**NA**	27⅛–11¾	25¼	2.93	8.6	0.45	none	0.0	30.40	1.20
NR	NR	**Home Group**	**NA**	27⅛–15½	25⅞	–6.16	def	0.49	none	0.0	22.59	0.87
673	559	**Honeywell**	**21.7**	69¾–29¾	68	4.06	16.7	0.49	2.00	2.9	50.97	0.75
145	295	**Hoover**	**240.6**	44⅝–8⅞	43	2.63	16.3	0.79	1.20	2.8	15.38	0.36
178	428	**George A Hormel**	**213.9**	24⅜–7	24⅛	1.68	14.4	0.31	0.56	2.3	14.75	0.61
651	176	**Hospital Corp**	**27.7**	56⅝–18⅝	34⅝	3.79	9.1	0.79	0.60	1.7	21.23	0.61
279	383	**Household Intl**	**145.4**	41⅜–14¼	39⅞	3.91	10.2	0.24	1.81	4.5	28.86	0.72
588	732	**Houston Industries**	**49.4**	29½–16⅝	28⅜	4.29	6.6	0.74	2.64	9.3	24.95	0.88
922	911	**Hughes Tool**	**–73.1**	48¼–12	13	0.26	50.0	0.56	0.48	3.7	17.21	1.32
467	83	**Humana**	**88.3**	36¾–12⅝	28	2.19	12.8	1.24	0.76	2.7	7.67	0.27
120	218	**Huntington Bcshs**	**274.3**	26¾–6½	26¼	2.62	10.0	0.78	0.84	3.2	16.29	0.62
512	56	**EF Hutton Group**	**73.4**	53⅜–15¾	36⅝	2.15	17.0	0.31	0.88	2.4	24.61	0.67
304	265	**IC Industries**	**137.3**	38⅝–12¼	36⅝	2.41	15.2	0.42	1.44	3.9	30.36	0.83
7	NR	**ICH**	**1,280.3**	55½–3⅛	52⅝	4.67	11.3	0.59	0.13	0.2	14.90	0.28
931	881	**Ideal Basic Inds**	**–81.0**	36¼–4⅞	5	–10.61	def	0.21	none	0.0	22.49	4.50
500	508	**Idle Wild Foods**	**76.5**	32½–15¼	30	4.42	6.8	0.06	0.80	2.7	34.87	1.16
612	669	**Illinois Power**	**40.6**	27½–16⅝	25⅛	3.48	7.2	1.30	2.64	10.5	23.74	0.94
262	258	**Illinois Tool Works**	**151.5**	36¼–12¼	31¾	2.29	13.9	1.34	0.72	2.3	15.06	0.47
784	894	**Imperial Corp of Am**	**–13.8††**	17⅜–4¾	10⅛	0.25	40.5	0.15	none	0.0	13.55	1.34
865	921	**Inco**	**–39.2**	23⅝–7⅞	12⅜	0.33	37.5	0.81	0.20	1.6	9.38	0.76
837	847	**Ingersoll-Rand**	**–27.4**	80–35½	54⅜	3.32	16.4	0.42	2.60	4.8	47.34	0.87
805	871	**Inland Steel**	**–18.4**	36–18⅛	22¾	–4.95	def	0.19	none	0.0	41.83	1.84
683	339	**Insilco**	**17.5**	24¼–10⅝	20¼	1.60	12.7	0.49	1.00	4.9	15.15	0.75
NR	NR	**Inspiration Resources**	**NA**	15¼–3⅞	4⅝	–2.61	def	0.27	none	0.0	9.33	2.02
607	440	**Intel**	**41.6**	49½–10⅜	28½	0.34	NM	2.24	none	0.0	11.95	0.42
596	515	**Interco**	**44.8**	85–35½	69⅛	3.98	17.4	0.39	3.08	4.5	67.98	0.98
904	901	**InterFirst**	**–59.7**	32⅜–9	10	0.91	11.0	0.30	0.60	6.0	17.30	1.73
480	439	**Interlake**	**83.4**	53⅞–22½	51⅛	5.36	9.5	0.34	2.60	5.1	59.13	1.16
396	346	**IBM**	**105.5**	140½–48⅜	139½	9.86	14.1	1.81	4.40	3.2	43.23	0.31
565	586	**Intl Flavors & Frags**	**56.6**	38¾–17⅜	35⅝	1.84	19.4	2.72	1.16	3.3	9.56	0.27
918	945	**Intl Harvester**	**–69.8**	26⅛–2¾	7¾	–3.67	def	0.14	none	0.0	1.96	0.25
861	789	**Intl Minerals & Chem**	**–38.7**	66½–23½	40⅛	3.41	11.8	0.69	2.60	6.5	39.98	1.00
354	524	**Intl Multifoods**	**118.1**	43¼–17½	40⅝	3.39	12.0	0.26	1.76	4.3	27.62	0.68
695	583	**International Paper**	**14.0**	60–32¾	47⅞	–0.26	def	0.52	2.40	5.0	66.04	1.38
708	591	**InterNorth**	**9.8**	54⅝–21	47½	4.49	10.6	0.19	2.48	5.2	34.61	0.73
253	290	**Interpublic Group**	**155.4**	43¾–12¾	39¾	2.98	13.3	0.67	1.08	2.7	16.27	0.41
123	345	**Interstate Bakeries**	**272.5**	24¼–5⅜	23¾	0.98	24.2	0.16	none	0.0	14.31	0.60
382	486	**Iowa-Illinois G&E**	**110.2**	35–15⅛	33⅝	4.21	8.0	0.78	2.74	8.1	27.05	0.80
597	610	**Iowa Resources**	**44.4**	37⅞–19⅜	33¾	3.27	10.3	0.79	3.08	9.1	29.89	0.89
471	482	**Ipalco Enterprises**	**87.8**	40–18	36⅜	3.76	9.7	1.46	3.04	8.4	28.46	0.78
530	388	**Irving Bank**	**64.6**	40⅝–16⅜	39	5.73	6.8	0.34	1.96	5.0	45.28	1.16
701	754	**ITT**	**12.1**	47¾–21¾	33⅝	2.78	12.1	0.38	1.00	3.0	40.07	1.19
809	553	**IU International**	**–19.3**	30⅜–10⅝	14⅛	–1.83	def	0.15	0.60	4.2	12.83	0.91
130	81	**James River Corp Va**	**262.2**	42¼–9⅞	37⅝	3.19	11.8	0.51	0.56	1.5	20.16	0.54
NR	NR	**Jefferson Smurfit**	**NA**	27–15	23¼	2.12	11.0	0.34	0.40	1.7	11.90	0.51
182	335	**Jefferson-Pilot**	**212.7**	53¼–14¾	52⅝	5.85	9.0	1.54	1.52	2.9	37.05	0.70
459	221	**Jerrico**	**89.5**	23⅞–12⅜	23½	1.46	16.1	0.71	0.16	0.7	12.76	0.54
531	674	**Jim Walter**	**64.6**	39⅝–12¾	39½	5.11	7.7	0.36	1.40	3.5	41.38	1.05
603	630	**Johnson & Johnson**	**43.2**	51½–28	47⅝	3.25	14.7	1.38	1.30	2.7	16.04	0.34
541	613	**Johnson Controls**	**62.5**	49⅜–17½	48¾	4.80	10.2	0.51	2.00	4.1	32.64	0.67
675	490	**Earle M Jorgensen**	**20.9**	31¾–18½	24⅝	1.26	19.5	0.53	1.00	4.1	26.02	1.06
313	NR	**Jostens**	**133.1**	27¾–9⅜	26⅞	1.78	15.1	1.09	0.88	3.3	9.18	0.34
858	655	**Joy Manufacturing**	**–37.0**	42⅞–19	23⅜	0.83	28.2	0.52	1.40	6.0	25.01	1.07
517	NR	**JWT Group**	**69.4**	35¾–9⅞	30½	1.75	17.4	0.51	1.12	3.7	12.54	0.41
439	549	**K mart**	**94.5**	41½–15⅜	34¾	3.21	10.8	0.19	1.40	4.0	25.87	0.74

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Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
835	863	**Kaiser Alum & Chem**	–26.9%	27½–11½	16⅝	$–1.87	def	0.30	none	0.0%	$25.39	1.53
112	93	**Kaman**	286.8	26½– 5¼	24½	1.72	14.2	0.48	$0.44	1.8	9.79	0.40
927	928	**Kaneb Services**	–76.1	34⅝– 7⅝	8⅛	0.32	25.4	0.83	0.40	4.9	10.14	1.25
523	602	**Kansas City P&L**	66.7	24½–13	22½	4.79	4.7	1.17	2.36	10.5	25.29	1.12
356	NR	**Kansas City Southern**	117.5	74⅜–20⅜	52⅞	6.13	8.6	1.12	1.08	2.0	39.06	0.74
326	340	**Kansas Power & Light**	127.9	41⅜–16⅛	38¾	4.49	8.6	0.49	2.96	7.6	29.25	0.75
628	416	**Kaufman & Broad**	35.4	25¼– 6½	16¼	2.53	6.4	0.23	0.40	2.5	17.48	1.08
877	692	**Kay**	–43.3	23⅝– 7⅝	13½	1.50	9.0	0.08	0.20	1.5	9.38	0.69
143	307	**Kellogg**	242.6‡	72 –17⅜	69⅜	4.34	16.0	1.50	1.84	2.7	7.91	0.11
60	177	**Kellwood**	390.8‡	23⅜– 4⅛	23⅜	2.73	8.5	0.23	0.68	2.9	16.59	0.71
69	175	**Kelly Services**	361.5	40 – 7½	40	1.93	20.7	0.77	0.60	1.5	6.72	0.17
430	562	**Kemper**	97.0	64¾–23	64¾	3.12	20.8	0.40	1.80	2.8	52.53	0.81
489	617	**Kentucky Utilities**	79.2	29⅞–14⅜	28	2.95	9.5	0.98	2.44	8.7	23.42	0.84
661	642	**Kerr Glass Mfg**	24.7	21¼– 9⅛	12	–0.75	def	0.17	0.44	3.7	14.59	1.22
772	809	**Kerr-McGee**	–10.4	43¾–22½	35⅜	1.40	25.3	0.55	1.10	3.1	32.97	0.93
137	NR	**KeyCorp**	246.9	33 – 8	32⅜	3.79	8.5	0.75	1.30	4.0	22.18	0.68
581	480	**Kidde**	50.2	37½–17	33⅞	3.58	9.5	0.30	1.20	3.5	29.86	0.88
274	249	**Kimberly-Clark**	146.5	66⅜–26⅝	65⅝	5.82	11.3	0.76	2.32	3.5	34.40	0.52
NR	NR	**KN Energy**	NA	17 –13½	16¼	1.67	9.7	0.34	1.48	9.1	14.40	0.89
235	285	**Knight-Ridder**	170.8	40¾–13½	37¾	2.19	17.2	1.23	0.76	2.0	14.17	0.38
827	865	**Koppers**	–24.5	27⅞–11¼	18⅞	–0.11	def	0.29	0.80	4.2	19.82	1.05
363	316	**Kroger**	116.1	48¾–19¼	47	4.03	11.7	0.13	2.00	4.3	25.48	0.54
318	234	**Laclede Gas**	130.7	29⅝– 8¼	27¼	3.28	8.3	0.39	1.90	7.0	18.24	0.67
NR	NR	**Lafarge**	NA	12⅞– 6¾	7½	0.03	NM	0.30	0.20	2.7	9.51	1.27
670	354	**Lear Siegler**	22.7	57¾–20⅛	49¼	5.14	9.6	0.38	2.00	4.1	34.06	0.69
699	649	**Leaseway Transport**	12.7	47⅝–23¾	33¼	2.21	15.0	0.26	1.50	4.5	25.31	0.76
424	343	**Libbey-Owens-Ford**	97.8	50⅞–19⅝	45¼	5.85	7.7	0.33	1.40	3.1	41.36	0.91
234	404	**Life Investors**	171.5	48 –16⅞	47¼	3.75	12.6	0.55	0.24	0.5	35.06	0.74
567	756	**Eli Lilly**	55.7	100¼–45⅛	99¼	7.23	13.7	2.14	3.20	3.2	31.04	0.31
3	1	**Limited**	2,074.7	31⅞– 1⅜	30¼	1.02	29.7	1.78	0.16	0.5	2.31	0.08
257	379	**Lincoln National**	153.2	54⅜–16⅞	50⅝	4.04	12.5	0.45	2.00	4.0	36.39	0.72
788	836	**Liquid Air**	–14.3	29¾–14¾	25½	2.36	10.8	0.60	1.60	6.3	21.77	0.85
752	475	**Litton Industries**	–3.6	93½–34⅝	80¾	7.27	11.1	0.47	none	0.0	34.17	0.42
84	78	**Lockheed**	338.8	58 – 8½	49	5.79	8.5	0.34	0.80	1.6	17.82	0.36
76	88	**Loews**	352.5	54⅛– 9¾	50	6.75	7.4	0.69	1.00	2.0	24.63	0.49
740	837	**Lone Star Industries**	0.4	37¼–17⅝	32¼	5.00	6.5	0.45	1.90	5.9	33.65	1.04
884	909	**Long Island Lighting**	–48.2	18 – 3¾	7¼	3.71	2.0	0.39	none	0.0	22.04	3.04
469	482	**Longs Drug Stores**	88.1	31⅛–12⅜	29⅝	1.93	15.4	0.44	0.72	2.4	12.23	0.41
804	856	**Longview Fibre**	–18.3	40 –14½	25¾	1.48	17.4	0.61	1.40	5.4	18.70	0.73
549	NR	**Loral**	60.7	37¼–11½	34¾	1.97	17.6	1.45	0.52	1.5	11.14	0.32
NR	NR	**Louisiana Land**	NA‡	38 –22¼	36¾	3.39	10.8	0.87	1.00	2.7	21.31	0.58
720	763	**Louisiana-Pacific**	6.3	34⅜–12¾	22	0.59	37.3	0.63	0.80	3.6	21.07	0.96
507	579	**Louisville G&E**	74.4	32¾–16	29	3.42	8.5	0.82	2.52	8.7	24.36	0.84
197	98	**Lowe's Cos**	203.0	32¾– 6¼	22⅞	1.68	13.6	0.44	0.36	1.6	9.42	0.41
917	623	**LTV**	–69.7†	26⅛– 5¼	6⅛	–12.05	def	0.06	none	0.0	13.68	2.23
850	843	**Lubrizol**	–33.3	35⅝–14¼	22	1.54	14.3	1.00	1.16	5.3	12.13	0.55
519	728	**Lucky Stores**	68.6	25½–12¼	25½	2.11	12.1	0.14	1.16	4.5	12.04	0.47
691	812	**Lukens**	15.7	17½– 8¾	14¾	0.94	15.7	0.18	0.48	3.3	24.36	1.65
901	416	**M/A-Com**	–58.8	35½–11⅞	13¼	0.92	14.4	0.68	0.24	1.8	9.85	0.74
NR	NR	**Mack Trucks**	NA	22⅛– 9⅛	10½	–1.42	def	0.15	none	0.0	19.12	1.82
39	132	**Macmillan**	463.2	38¾– 5⅝	36⅞	1.84	20.0	1.32	0.55	1.5	9.07	0.25
90	95	**RH Macy**	328.8	65¼–13⅞	60¾	3.69	16.5	0.71	1.16	1.9	25.45	0.42
27	73	**Magic Chef**	582.9	54¾– 7½	54⅝	5.45	10.0	0.50	1.12	2.1	29.77	0.54
260	143	**Manhattan Industries**	151.8	24⅞– 5¾	14¾	–3.50	def	0.13	0.20	1.4	16.68	1.13
663	781	**Manufacturers Hanover**	24.4	51 –22½	40¾	8.22	5.0	0.19	3.20	7.9	64.35	1.58
139	393	**Manufacturers Natl**	244.4	38¾– 7	38¾	4.44	8.7	0.64	1.24	3.2	31.20	0.81
930	938	**Manville**	–77.8	26½– 4¼	5½	–3.03	def	0.07	none	0.0	34.73	6.31
793	869	**Mapco**	–15.0	44⅞–20½	36⅛	4.40	8.2	0.55	1.00	2.8	24.72	0.68
411	554	**Marine Midland Banks**	100.7	38½–13⅜	35⅛	4.72	7.4	0.27	1.80	5.1	52.88	1.51
173	57	**Marriott**	219.5	105¼–29¾	104⅝	5.87	17.8	0.69	0.64	0.6	26.22	0.25
319	496	**Marsh & McLennan**	130.5	81 –29⅝	79¼	4.19	18.9	2.25	2.70	3.4	10.21	0.13
308	101	**Marsh Supermarkets**	134.6	20½– 6⅜	15¼	1.46	10.4	0.09	0.52	3.4	12.75	0.84
553	289	**Martin Marietta**	60.3	44⅜– 9⅞	34½	4.07	8.5	0.47	1.00	2.9	10.76	0.31

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank		Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
85	84											
152	185	**Maryland National**	**233.0%**	37¼– 9½	34⅛	$3.83	8.9	0.71	$1.00	2.9%	$22.71	0.67
289	278	**Masco**	**141.2†**	37¼–13½	36⅝	2.23	16.4	2.34	0.64	1.7	13.21	0.36
NR	NR	**Masco Industries**	**NA**	26½– 5⅞	19¾	1.36	14.5	0.70	none	0.0	6.55	0.33
856	939	**Massey-Ferguson**	**–36.5**	6¾– 1⅝	2⅜	–0.23	def	0.18	none	0.0	–1.13	NE
696	465	**Mattel**	**14.0**	31½– 4⅞	12¼	1.11	11.0	0.40	none	0.0	1.44	0.12
159	208	**May Dept Stores**	**230.4**	60½–15⅜	58⅜	5.17	11.3	0.50	1.88	3.2	29.93	0.51
216	360	**Maytag**	**188.7**	73⅞–22¼	70	5.24	13.4	1.40	3.55	5.1	16.87	0.24
158	495	**MCA**	**230.5**	54⅞–12⅝	52¾	1.59	33.2	1.99	0.68	1.3	16.74	0.32
431	431	**McCormick**	**96.6**	38⅛–16⅜	36⅛	2.22	16.4	0.52	0.88	2.4	20.01	0.55
890	785	**McDermott Intl**	**–51.2**	41⅞–14¾	20	–0.19	def	0.23	1.80	9.0	32.57	1.63
147	179	**McDonald's**	**239.2**	75⅛–21½	73½	4.82	15.2	1.76	0.90	1.2	21.94	0.30
598	358	**McDonnell Douglas**	**44.3**	87 –22½	71¼	8.52	8.4	0.26	1.84	2.6	58.55	0.82
426	154	**McGraw-Hill**	**97.3**	53⅞–19¾	45⅝	2.92	15.6	1.56	1.40	3.1	13.85	0.30
179	33	**MCI Communications**	**213.3**	28½– 2¾	10⅛	0.50	20.8	1.04	none	0.0	5.11	0.49
535	493	**McKesson**	**63.9**	51⅞–29	51⅝	3.76	13.7	0.19	2.40	4.6	30.15	0.58
NR	NR	**McLean Industries**	**NA**	15½– 7⅜	8⅞	–0.33	def	0.30	none	0.0	8.77	0.99
794	634	**MCorp**	**–15.2**	36⅜–16⅝	20	3.13	6.4	0.38	1.40	7.0	25.01	1.25
569	557	**Mead**	**54.8**	44¾–13½	40¼	3.35	12.0	0.46	1.20	3.0	31.44	0.78
214	236	**Media General**	**190.3**	86¾–29⅜	85⅝	4.78	17.9	1.06	1.16	1.4	39.84	0.47
100	18	**MEI**	**306.7**	42½– 9⅛	38⅛	2.49	15.3	0.81	0.50	1.3	12.19	0.32
563	470	**Mellon Bank**	**57.9**	56½–27½	50⅛	7.09	7.1	0.41	2.68	5.3	56.29	1.12
217	163	**Melville**	**187.1**	50¾–17⅜	49⅞	3.67	13.6	0.58	1.44	2.9	18.06	0.36
337	349	**Mercantile Bancorp**	**123.6**	39⅞–16½	39½	4.93	8.0	0.64	1.92	4.9	38.09	0.96
55	90	**Mercantile Stores**	**405.5**	75½–13⅝	68¾	6.03	11.4	0.57	1.30	1.9	40.33	0.59
589	677	**Merck**	**48.5**	126 –64	125⅞	7.25	17.4	2.55	3.60	2.9	35.29	0.28
129	48	**Meredith**	**264.4**	80 –15¾	66½	5.11	13.0	1.32	1.00	1.5	27.96	0.42
NR	NR	**Meridian Bancorp**	**NA**	40⅛–18⅞	39⅞	4.65	8.6	0.76	1.80	4.5	26.91	0.67
490	147	**Merrill Lynch**	**79.1**	56½–10½	33¼	1.95	17.1	0.50	0.80	2.4	21.64	0.65
374	539	**MGM Grand Hotels**	**112.5**	18⅜– 5½	17	0.50	34.0	1.09	0.44	2.6	–0.30	NE
232	611	**MGM/UA Entertainment**	**172.0**	27 – 5	25½	–2.33	def	1.93	0.20	0.8	7.86	0.31
377	783	**Michigan National**	**111.3**	32 – 9¾	31½	2.36	13.3	0.50	0.60	1.9	28.84	0.92
435	568	**MidCon**	**95.5††**	62½–19⅜	53¾	–2.81	def	0.40	2.44	4.5	38.49	0.72
795	761	**Middle South Utils**	**–15.2**	16¾– 8⅛	9¼	2.58	3.8	0.62	none	0.0	18.36	1.88
838	882	**Midland-Ross**	**–28.4**	29½–11¾	17	–3.22	def	0.32	1.00	5.9	12.91	0.76
99	188	**Midlantic Banks**	**306.8**	42⅜– 9⅞	42⅜	4.64	9.1	1.02	1.24	2.9	24.27	0.57
134	NR	**Herman Miller**	**255.1**	27⅞– 4¾	21¾	1.65	13.2	1.06	0.44	2.0	6.89	0.32
610	457	**Minn Mining & Mfg**	**40.7**	90½–48	83	5.92	14.0	1.22	3.50	4.2	32.80	0.40
6	NR	**Minstar**	**1,670.8**	27¾– ⅜	23¼	0.98	23.7	0.49	none	0.0	7.27	0.31
933	931	**Mission Insurance**	**–83.3**	41 – 1⅛	3¾	–15.13	def	0.09	none	0.0	0.71	0.19
905	529	**Mitchell Energy**	**–61.1**	42½– 9½	15¼	0.49	31.1	0.86	0.24	1.6	11.31	0.74
814	753	**Mobil**	**–21.0**	41⅛–19½	31⅞	2.20	14.5	0.24	2.20	6.9	33.42	1.05
209	235	**Mohasco**	**194.1**	33⅜– 9¾	30⅞	2.63	11.7	0.25	0.48	1.6	32.60	1.06
205	NR	**Monarch Capital**	**197.1**	53⅞–17	52	3.55	14.6	0.42	none	0.0	35.36	0.68
40	232	**Monfort of Colorado**	**460.0**	25¾– 4	24½	3.31	7.4	0.07	0.45	1.8	18.21	0.74
643	501	**Monsanto**	**30.8**	58¼–28¼	44⅞	3.69	12.2	0.52	2.50	5.6	46.42	1.03
734	643	**Montana Power**	**4.2**	36⅜–16⅝	30⅞	2.63	11.7	1.19	2.00	6.5	26.88	0.87
485	507	**Moore Corp**	**80.7**	21⅞– 8½	20⅝	1.58	13.1	0.91	0.72	3.5	8.97	0.43
829	866	**Moore McCormack**	**–25.0**	39⅞–11⅝	25¼	1.88	13.4	0.39	1.04	4.1	38.58	1.53
338	456	**JP Morgan**	**122.8**	57⅞–22⅞	57½	7.81	7.4	0.75	2.45	4.3	41.71	0.73
745	411	**Morrison-Knudsen**	**–1.9**	47 –15¾	44½	4.11	10.8	0.22	0.70	1.6	35.37	0.79
757	565	**Morse Shoe**	**–4.5**	39¾–10	21¼	1.48	14.4	0.22	0.80	3.8	24.03	1.13
92	202	**Morton Thiokol**	**319.2**	38 – 8¾	36½	4.06	9.0	0.93	0.70	1.9	15.00	0.41
593	313	**Motorola**	**46.4**	50 –16½	35⅝	1.30	27.4	0.77	0.64	1.8	19.18	0.54
89	59	**Munford**	**330.4**	26⅞– 3⅞	18¾	1.51	12.4	0.16	0.54	2.9	14.18	0.76
854	755	**Murphy Oil**	**–36.0**	51½–15½	32	2.34	13.7	0.52	1.00	3.1	27.61	0.86
756	552	**Nalco Chemical**	**–4.3**	37 –18	24¾	1.85	13.4	1.46	1.20	4.8	9.00	0.36
149	338	**Nash Finch**	**236.1**	30¾– 8⅛	30¼	2.36	12.8	0.12	1.01	3.3	19.68	0.65
689	810	**Nashua**	**16.1**	30⅛– 8½	28	3.12	9.0	0.22	none	0.0	26.25	0.94
361	686	**National City**	**116.7**	50¾–15½	49⅛	6.34	7.7	0.55	2.25	4.6	38.39	0.78
222	71	**Natl Convenience**	**181.2**	18½– 3¼	10½	0.51	20.6	0.25	0.36	3.4	4.10	0.39
657	806	**National Distillers**	**25.4**	35⅜–18⅞	33⅜	1.42	23.5	0.53	2.20	6.6	29.91	0.90
408	268	**National Fuel Gas**	**102.0**	30½–11¼	28	3.80	7.4	0.34	2.08	7.4	25.19	0.90
199	443	**National Gypsum**	**201.7**	46 –10⅞	44	5.24	8.4	0.59	1.52	3.5	23.67	0.54

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Who's where in the stock market

Rank												
85	84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
717	762	**National Intergroup**	7.0%	37⅝–13⅞	26⅞	$–0.88	def	0.51	$0.25	0.9%	$41.24	1.53
577	156	**National Medical**	52.0	32⅞– 9¾	22½	1.97	11.4	0.65	0.56	2.5	12.36	0.55
760	491	**Natl Semiconductor**	–5.9	20 – 4⅜	12⅝	–0.57	def	0.67	none	0.0	7.64	0.60
133	157	**National Service**	256.3	36¼– 9⅞	36¼	2.75	13.4	0.76	1.09	3.0	15.18	0.41
715	861	**National-Standard**	7.4	18 – 7⅛	14⅝	0.26	56.3	0.23	0.40	2.7	22.56	1.54
194	448	**NBD Bancorp**	204.1	38⅛– 9⅞	37¼	4.64	8.0	0.61	1.40	3.8	36.10	0.97
184	213	**NCNB**	211.1	44⅜–11¾	42	4.59	9.2	0.74	1.52	3.6	26.26	0.63
410	516	**NCR**	101.3	38¼– 9⅝	37¾	3.03	12.5	0.89	0.88	2.3	20.83	0.55
328	452	**New England Electric**	126.7	47 –18¾	46¾	6.43	7.3	0.85	3.84	8.2	34.88	0.75
505	594	**NY State E&G**	74.8	29¼–13⅝	26	3.46	7.5	1.13	2.56	9.8	23.71	0.91
93	47	**New York Times**	319.1	49¼– 8⅞	47½	2.85	16.7	1.41	0.60	1.3	12.18	0.26
747	766	**Newmont Mining**	–2.2	79¼–27⅝	45½	0.88	51.7	1.98	1.00	2.2	48.85	1.07
504	605	**Niagara Mohawk Power**	75.3	21⅞–10¾	19½	2.68	7.3	0.89	2.08	10.7	18.89	0.97
840	844	**Nicor**	–28.7	45½–24¼	27⅞	–6.91	def	0.33	3.04	10.9	21.32	0.76
642	890	**NIKE**	31.0	28 – 6⅝	13¾	0.70	19.6	0.52	0.40	2.9	7.27	0.53
912	878	**NL Industries**	–66.0	48⅝– 9⅛	13	–2.24	def	0.58	0.20	1.5	12.35	0.95
70	120	**Nordstrom**	357.8	52¾– 9⅞	51½	2.45	21.0	0.85	0.44	0.9	14.61	0.28
629	NR	**Norfolk Southern**	35.4‡‡	74⅜–40¼	74⅛	7.76	9.6	1.29	3.40	4.6	71.07	0.96
203	299	**Norstar Bancorp**	198.8	26½– 8⅞	26¼	2.46	10.6	1.03	1.28	4.9	16.57	0.63
441	608	**North American Coal**	93.9	66⅞–20¼	66⅞	7.84	8.5	0.43	1.10	1.6	40.44	0.60
446	170	**North Amer Philips**	92.8	45¼–15	36¾	3.34	11.0	0.25	1.00	2.7	34.31	0.93
359	497	**Northeast Utilities**	117.3	18 – 7⅞	17⅜	2.84	6.1	0.89	1.58	9.1	15.07	0.87
811	765	**No Indiana Pub Svc**	–19.6	15½– 8⅜	9¼	1.04	8.9	0.35	none	0.0	15.32	1.66
309	372	**No States Power**	134.3	51⅞–20	50⅝	5.55	9.1	0.89	3.52	7.0	36.83	0.73
267	347	**Northern Trust**	148.9	82¾–32¾	82¾	5.02	16.5	0.56	2.72	3.3	71.78	0.87
323	184	**Northrop**	128.7	56⅝–11	46⅛	5.22	8.8	0.46	1.20	2.6	15.72	0.34
427	464	**N'western Natl Life**	97.2	36½– 9¼	26¼	1.22	21.5	0.20	0.80	3.0	27.41	1.04
853	920	**Northwestern Steel**	–35.7	29¼– 8	13¾	–5.44	def	0.40	none	0.0	20.24	1.47
868	735	**Norton**	–40.2	62 –23¾	35⅞	2.64	13.6	0.60	2.00	5.6	31.54	0.88
750	801	**Norwest**	–3.4	39½–17	27⅞	3.38	8.2	0.32	1.80	6.5	35.66	1.28
623	513	**Nucor**	37.4	49⅜–17	48	3.98	12.1	0.92	0.40	0.8	21.16	0.44
936	942	**NVF**	–86.0	4¼– ½	½	–1.41	def	0.04	none	0.0	–0.61	NE
371	619	**NWA**	113.2	59½–22¼	50⅝	3.24	15.6	0.42	0.90	1.8	41.05	0.81
NR	NR	**Nynex**	NA	92⅛–58⅝	91⅛	10.74	8.5	0.91	6.40	7.0	78.15	0.86
942	950	**Oak Industries**	–90.9	38½– 1⅛	2⅛	–7.43	def	0.19	none	0.0	–3.59	NE
739	725	**Occidental Petroleum**	2.2	35¾–17	35⅜	3.33	10.6	0.26	2.50	7.1	26.16	0.74
707	694	**Ogden**	10.1	39⅞–17½	34	1.54	22.1	0.50	1.80	5.3	18.39	0.54
355	708	**Ohio Casualty**	117.9	73¼–30½	73	2.85	25.6	0.74	2.80	3.8	44.44	0.61
618	768	**Ohio Edison**	37.9	16⅜– 9⅜	16⅜	2.43	6.7	1.26	1.88	11.5	15.93	0.97
450	459	**Oklahoma G&E**	92.2	26⅜–12	24½	2.30	10.7	0.96	2.08	8.5	18.52	0.76
161	315	**Old Republic Intl**	228.9	41¾– 9⅝	34⅜	3.38	10.2	0.54	0.74	2.2	26.07	0.76
483	426	**Olin**	82.5	37⅜–15½	36½	–7.02	def	0.45	1.50	4.1	37.87	1.04
798	709	**Oneok**	–16.6	41 –23¾	31½	2.80	11.3	0.40	2.56	8.1	29.41	0.93
357	390	**Orange & Rockland**	117.4	29 –11⅛	26⅝	2.71	9.8	0.65	2.14	8.0	20.51	0.77
83	128	**Outboard Marine**	340.5	31½– 5⅞	25⅞	1.74	14.9	0.50	0.64	2.5	21.79	0.84
637	730	**Owens-Corning**	31.8	46⅞–15⅜	35¼	4.08	8.6	0.34	1.40	4.0	28.48	0.81
378	337	**Owens-Illinois**	110.8	54½–20⅞	53¾	5.12	10.5	0.43	1.80	3.3	47.48	0.88
64	36	**Oxford Industries**	378.2	25⅞– 3	14½	0.46	31.5	0.30	0.44	3.0	11.10	0.77
646	407	**Paccar**	29.0	59½–26¼	41½	4.85	8.6	0.39	1.20	2.9	37.77	0.91
697	757	**Pacific Gamble**	13.8	25¼–15⅛	20½	0.62	33.1	0.05	0.60	2.9	27.15	1.32
470	556	**Pacific G&E**	87.8	20¼– 9¾	19¼	2.71	7.1	0.75	1.84	9.6	17.18	0.89
390	415	**Pacific Lighting**	107.4	46¾–19⅞	45⅝	3.54	12.9	0.36	3.48	7.6	34.85	0.76
735	833	**Pacific Resources**	3.3	14⅛– 5⅜	10⅝	0.93	11.4	0.11	none	0.0	7.96	0.75
NR	NR	**Pacific Telesis**	NA	82¾–51¼	78¼	9.17	8.5	1.00	5.72	7.3	64.80	0.83
615	587	**PacifiCorp**	39.1	31⅝–16	29⅜	3.61	8.1	0.98	2.40	8.2	22.47	0.76
420	45	**Paine Webber Group**	98.2	61⅜– 9¼	33⅝	1.70	19.8	0.30	0.60	1.8	19.88	0.59
415	205	**Palm Beach**	100.0	39 –13⅛	35½	0.60	59.2	0.32	none	0.0	26.19	0.74
468	846	**Pan Am**	88.2	9¼– 2⅜	8	–2.65	def	0.24	none	0.0	2.17	0.27
812	641	**Panhandle Eastern**	–20.0	46¾–20½	35⅞	2.94	12.2	0.54	2.30	6.4	37.53	1.05
297	451	**Pantry Pride**	138.7	9⅜– 2⅛	9¼	–0.30	def	1.04	none	0.0	3.67	0.40
935	935	**Parker Drilling**	–86.0	36¼– 4	4⅞	–2.12	def	0.56	0.08	1.6	9.81	2.01
526	391	**Parker-Hannifin**	65.6	39½–14⅞	35⅞	2.96	12.1	0.67	1.12	3.1	20.84	0.58
694	743	**Parker Pen**	15.0	23⅜–10½	22⅞	0.69	33.2	0.43	none	0.0	6.70	0.29

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡‡Three-year price change. NE: Negative equity. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
301	303	**Payless Cashways**	**137.4%**	34½– 6¾	15⅞	$1.09	14.6	0.41	$0.16	1.0%	$ 7.96	0.50
409	145	**Penn Central**	**102.0**	58⅝–20⅛	51½	3.05	16.9	0.78	none	0.0	40.45	0.79
464	627	**Penn Traffic**	**88.9**	26½–11⅝	25½	2.30	11.1	0.10	1.20	4.7	26.08	1.02
320	320	**JC Penney**	**129.8**	67⅞–21½	54	5.20	10.4	0.30	2.36	4.4	51.26	0.95
497	581	**Pennsylvania P&L**	**76.8**	27⅞–14¾	27⅝	2.82	9.8	1.12	2.56	9.3	25.46	0.92
614	699	**Pennwalt**	**39.9**	45¾–21½	39	–1.47	def	0.39	2.20	5.6	35.91	0.92
666	786	**Pennzoil**	**23.1‡**	65½–26⅝	62	2.25	27.6	1.15	2.20	3.5	21.38	0.34
176	NR	**Pentair**	**217.0**	31¼– 8	28	2.75	10.2	0.40	0.68	2.4	15.36	0.55
243	NR	**People Express**	**162.6**	23½– 3¼	9¼	–0.40	def	0.25	0.05	0.5	7.05	0.76
322	366	**Peoples Energy**	**129.8††**	18⅞– 7	18⅜	2.35	7.8	0.36	1.20	6.5	11.88	0.65
283	395	**PepsiCo**	**143.1**	67¾–27	66¼	5.76	11.5	0.77	1.78	2.7	19.74	0.30
NR	NR	**Perini**	**NA**	30 –23	26¾	–6.83	def	0.10	0.80	3.0	32.60	1.22
800	663	**Perkin-Elmer**	**–16.9**	37½–17	28⅞	1.77	16.3	0.97	0.60	2.1	13.95	0.48
224	408	**Petrie Stores**	**179.4**	48⅜–16⅝	47½	2.81	16.9	0.91	1.40	2.9	15.30	0.32
465	326	**Pfizer**	**88.8**	53¾–20	50½	3.39	14.9	2.10	1.48	2.9	15.45	0.31
879	919	**Phelps Dodge**	**–45.5**	48½–12⅞	20½	–8.84	def	0.63	none	0.0	28.98	1.41
559	238	**PHH Group**	**59.0**	47 –17¼	33	2.62	12.6	0.67	1.00	3.0	15.02	0.46
150	226	**Phibro-Salomon**	**233.7††**	46¾–10	43⅜	1.98	21.9	0.23	0.54	1.2	16.62	0.38
655	747	**Philadelphia Electric**	**26.0**	18⅜– 9	15¾	2.54	6.2	0.90	2.20	14.0	17.81	1.13
502	254	**Philip Morris Cos**	**75.7**	95⅛–42	76	8.95	8.5	0.88	4.00	5.3	33.72	0.44
849	805	**Phillips Petroleum**	**–33.0**	19⅞– 7⅞	13⅛	1.18	11.1	0.19	1.00	7.6	14.28	1.09
46	94	**Phillips-Van Heusen**	**433.3**	30⅝– 5½	29	2.10	13.8	0.30	0.40	1.4	22.58	0.78
177	204	**Piedmont Aviation**	**216.6**	35⅜– 9½	33¼	4.15	8.0	0.38	0.28	0.8	26.51	0.80
175	207	**Pillsbury**	**217.3**	63½–17¼	59½	4.50	13.2	0.53	1.72	2.9	26.86	0.45
826	509	**Pioneer**	**–24.5†‡**	34 –11⅝	22⅜	2.02	11.1	1.68	1.24	5.5	12.01	0.54
521	239	**Pioneer Hi-Bred Intl**	**67.1**	37½–18¼	33	3.21	10.3	1.28	1.04	3.2	12.33	0.37
240	262	**Pitney Bowes**	**165.5**	45⅞–10¾	45⅛	3.69	12.2	0.92	1.20	2.7	17.75	0.39
888	922	**Pittston**	**–50.5**	34¾– 9⅜	12⅝	–0.68	def	0.40	none	0.0	13.23	1.05
434	NR	**Pittway**	**96.2**	77 –38½	76½	6.43	11.9	0.67	1.80	2.4	51.25	0.67
NR	NR	**PNC Financial**	**NA**	33½–15⅞	33½	3.82	8.8	0.91	1.32	3.9	20.50	0.61
575	787	**Polaroid**	**52.5**	39⅛–16¾	38⅛	0.68	56.1	0.95	1.00	2.6	29.60	0.78
349	NR	**Ponderosa**	**119.7**	25¼– 6⅞	15⅛	0.10	NM	0.30	0.40	2.6	14.99	0.97
473	636	**Portland Genl Electric**	**87.1**	21⅞–11	21¼	2.45	8.9	1.22	1.90	8.7	19.05	0.88
742	784	**Potlatch**	**–0.3**	49¼–19	37⅝	2.51	15.0	0.60	1.56	4.1	36.65	0.97
245	280	**Potomac Electric**	**161.7**	34 –11⅞	32⅜	3.48	9.3	1.17	2.16	6.7	19.95	0.62
282	224	**PPG Industries**	**144.2**	51⅜–14½	49¾	4.48	11.1	0.68	1.76	3.5	28.81	0.58
2	NR	**Price Co**	**2,357.1**	66 – 2⅝	64½	2.03	31.8	0.78	none	0.0	4.50	0.07
641	296	**Primark**	**31.1††**	21⅜– 7	20¾	2.55	8.1	0.22	1.10	5.3	20.06	0.97
834	261	**Prime Computer**	**–26.4**	32⅞–10½	20¼	1.15	17.6	1.32	none	0.0	6.77	0.33
438	481	**Procter & Gamble**	**94.6**	67½–32⅝	67	3.95	17.0	0.82	2.60	3.9	31.49	0.47
315	423	**Provident Life & Acc**	**132.3**	27 – 9⅞	26⅛	2.87	9.1	0.60	0.76	2.9	21.08	0.81
810	796	**PSA**	**–19.4**	42½–15	25½	2.37	10.8	0.18	0.60	2.4	29.83	1.17
NR	NR	**PSFS**	**NA**	12⅜– 6⅞	11	0.85	12.9	0.23	none	0.0	25.49	2.32
609	580	**Public Service Colo**	**41.3**	24¼–12¾	20⅛	2.19	9.2	0.60	2.00	9.9	17.31	0.86
906	934	**Public Service Ind**	**–63.0**	27½– 6⅞	7⅝	0.95	8.0	0.45	1.00	13.1	27.37	3.59
882	NR	**Public Service NH**	**–46.1**	20 – 3½	7¾	2.62	3.0	0.56	none	0.0	23.50	3.03
476	607	**Public Service E&G**	**85.3**	32½–16½	31½	3.90	8.1	0.90	2.84	9.0	27.81	0.88
81	84	**Pueblo International**	**341.4**	16⅛– 3¼	16	0.87	18.4	0.11	0.16	1.0	12.54	0.78
660	820	**Puget Sound P&L**	**25.0**	17 – 9¼	15	2.04	7.4	1.06	1.76	11.7	15.42	1.03
91	4	**Pulte Home**	**319.4**	37½– 2½	13½	0.87	15.5	0.41	0.12	0.9	6.31	0.47
815	564	**Purolator Courier**	**–21.1**	70 –16¼	17⅛	–1.74	def	0.17	none	0.0	28.19	1.60
115	196	**Quaker Oats**	**283.6**	63 –15	58½	3.83	15.3	0.69	1.40	2.4	19.52	0.33
688	723	**Quaker State Oil**	**16.2**	25 – 9⅞	23⅜	1.25	18.7	0.55	0.80	3.4	12.29	0.53
653	279	**Questar**	**27.2**	34¼–12½	30⅜	2.78	10.9	0.81	1.72	5.7	21.88	0.72
248	413	**Rainier Bancorp**	**158.5**	33½– 8⅝	32⅝	3.16	10.3	0.80	1.00	3.1	22.55	0.69
80	139	**Ralston Purina**	**345.2**	49 –10	46¾	3.15	14.8	0.64	1.00	2.1	11.55	0.25
706	863	**Ramada Inns**	**10.2**	12½– 4¼	8⅛	0.26	31.3	0.51	none	0.0	6.69	0.82
693	739	**Raychem**	**15.5**	93 –37	85½	3.13	27.3	1.33	0.44	0.5	32.60	0.38
767	681	**Raytheon**	**–9.1**	57½–28¼	50	4.41	11.3	0.67	1.60	3.2	23.46	0.47
532	468	**RCA**	**64.3**	49⅞–15¾	48¼	4.06	11.9	0.47	1.04	2.2	24.10	0.50
934	885	**Reading & Bates**	**–84.8**	36¾– 5⅜	5⅜	–1.02	def	0.53	0.04	0.7	15.69	2.92
242	186	**Reichhold Chemicals**	**164.3**	43⅛–10	31⅜	2.22	14.1	0.29	0.80	2.5	28.37	0.90
551	839	**Republic Airlines**	**60.5**	11⅝– 2⅞	9⅝	1.55	6.2	0.18	none	0.0	0.28	0.03

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
525	158	**Republic New York**	**65.7%**	51¾–22⅜	50¾	$5.71	8.9	0.71	$1.64	3.2%	$39.33	0.77
700	652	**RepublicBank**	**12.5**	38¼–21½	31⅞	4.84	6.6	0.40	1.64	5.1	36.74	1.15
538	777	**Research-Cottrell**	**62.9**	25⅜– 9¾	25¼	–4.75	def	0.31	0.32	1.3	23.84	0.94
493	666	**Resorts Intl**	**77.3‡**	53¼–12½	45	–1.14	def	0.67	none	0.0	20.89	0.46
413	251	**Revco DS**	**100.6**	37½–13⅛	26¾	0.91	29.4	0.35	0.80	3.0	12.48	0.47
817	831	**Revere Copper**	**–22.3**	25⅜– 4¾	12⅝	4.88	2.6	0.15	none	0.0	7.42	0.59
681	853	**Revlon**	**19.5**	58 –22⅞	57⅜	3.11	18.5	0.92	1.84	3.2	26.35	0.46
816	815	**Rexnord**	**–21.2**	20¾– 8½	14⅜	1.49	9.7	0.33	0.44	3.1	18.59	1.29
583	310	**RJ Reynolds Inds**	**50.0†**	35 –16	27⅜	4.27	6.4	0.59	1.48	5.4	17.34	0.63
748	773	**Reynolds Metals**	**–2.5**	41⅝–18¾	34⅜	–12.06	def	0.21	1.00	2.9	60.51	1.76
362	NR	**Riggs National**	**116.5**	63 –18½	52½	5.05	10.4	0.65	2.00	3.8	38.32	0.73
335	74	**Rite Aid**	**124.7**	33½– 7⅞	24⅝	1.58	15.6	0.67	0.50	2.0	8.58	0.35
676	NR	**RLC**	**20.8‡‡**	12¼– 3⅞	7¼	0.33	22.0	0.34	0.20	2.8	5.92	0.82
484	276	**Roadway Services**	**81.6**	37⅜–15¼	32	2.11	15.2	0.83	1.10	3.4	14.49	0.45
208	192	**Robertshaw Controls**	**194.9**	36⅝–10½	35⅞	4.34	8.3	0.48	1.20	3.3	25.30	0.71
702	203	**HH Robertson**	**11.5**	48½–19⅜	23	–1.80	def	0.21	none	0.0	28.81	1.25
778	242	**AH Robins**	**–12.0**	29⅜– 5½	11	–17.40	def	0.39	none	0.0	–5.23	NE
429	603	**Rochester G&E**	**97.0**	24⅞–10	22¾	3.81	6.0	0.84	2.20	9.7	22.78	1.00
561	211	**Rockwell Intl**	**58.4**	41¾–11¾	35⅝	4.00	8.9	0.47	1.12	3.1	16.66	0.47
202	209	**Rohm & Haas**	**199.7**	81 –22¾	69½	5.96	11.7	0.79	2.20	3.2	38.97	0.56
85	146	**Rohr Industries**	**338.7**	35 – 4	29⅛	2.89	10.1	0.83	none	0.0	15.15	0.52
NR	NR	**Rollins**	**NA**	13⅛– 6⅞	13	0.71	18.3	1.05	0.46	3.5	1.26	0.10
250	136	**Roper Corp**	**158.0**	29⅜– 4⅞	15	–0.66	def	0.15	0.64	4.3	14.76	0.98
360	430	**Rorer Group**	**117.2**	47 –16⅝	39⅝	2.04	19.4	1.55	1.12	2.8	11.07	0.28
35	5	**Rose's Stores**	**490.1**	26 – 2½	20	1.99	10.1	0.21	0.38	1.9	14.04	0.70
43	NR	**Rubbermaid**	**436.8**	32⅞– 5⅞	32⅞	1.54	21.4	1.85	0.48	1.5	7.07	0.22
305	75	**Ruddick**	**136.0**	34 –10⅞	26¼	2.60	10.1	0.13	0.77	2.9	21.05	0.80
725	718	**Ryan Homes**	**5.5**	50 –12	26¼	3.02	8.7	0.32	1.20	4.6	19.55	0.74
239	210	**Ryder System**	**165.6**	32⅜–10⅝	32	2.51	12.7	0.57	0.60	1.9	16.26	0.51
154	162	**Rykoff-Sexton**	**231.5**	29⅛– 6⅝	21⅞	1.77	12.4	0.18	0.60	2.7	12.39	0.57
259	478	**Safeco**	**151.9**	46⅜–14⅞	45½	2.74	16.6	0.72	1.60	3.5	28.80	0.63
294	530	**Safeway Stores**	**139.3**	37⅝–12⅛	36½	4.03	9.1	0.11	1.70	4.7	24.54	0.67
36	15	**Saga**	**488.2**	40¼– 4¼	25	1.96	12.8	0.24	0.52	2.1	14.48	0.58
403	690	**St Paul Cos**	**103.9**	82⅜–35¼	79	–5.09	def	0.62	3.00	3.8	48.33	0.61
329	445	**San Diego G&E**	**126.6**	28⅜–11	26⅝	3.09	8.6	0.86	2.24	8.4	19.48	0.73
709	297	**Sanders Associates**	**9.6**	60¾–17⅝	34¼	1.92	17.8	0.75	0.60	1.8	18.07	0.53
NR	NR	**Santa Fe Southern**	**NA**	36⅜–20¼	35½	2.45	14.5	0.96	1.00	2.8	32.21	0.91
94	201	**Sara Lee**	**314.6**	50½–11¾	49¾	3.69	13.5	0.33	1.60	3.2	19.30	0.39
28	40	**Savannah Foods**	**581.7**	31½– 4⅜	30¼	2.40	12.6	0.33	0.93	3.1	14.51	0.48
909	925	**Savin**	**–65.3**	15¼– 3⅝	5¼	–3.15	def	0.24	none	0.0	3.54	0.67
460	540	**Scana**	**89.5**	28⅛–12½	27	2.81	9.6	0.96	2.16	8.0	19.31	0.72
604	640	**Schering-Plough**	**43.2**	59½–24⅞	58	3.68	15.8	1.58	1.68	2.9	25.96	0.45
895	794	**Schlumberger**	**–54.5**	78½–30	35½	3.50	10.1	1.72	1.20	3.4	23.25	0.65
278	NR	**SCI Systems**	**145.4**	30½– 4⅛	12¾	1.03	12.4	0.32	none	0.0	7.17	0.56
191	354	**SCM**	**205.8**	74¼–19⅝	73⅜	4.52	16.2	0.33	2.00	2.7	55.76	0.76
193	153	**SCOA Industries**	**204.7‡**	33⅞–10¼	32½	2.46	13.2	0.37	0.76	2.3	10.91	0.34
249	200	**Scott & Fetzer**	**158.2**	61½–22	59⅜	5.63	10.5	0.57	1.80	3.0	36.76	0.62
350	403	**Scott Paper**	**119.3**	45⅞–13⅝	45½	4.23	10.8	0.56	1.24	2.7	32.46	0.71
NR	NR	**Sea-Land**	**NA**	27½–14⅝	24⅞	1.72	14.5	0.35	0.48	1.9	33.54	1.35
334	166	**Seagram**	**125.3**	44⅞–14½	44⅛	3.07	14.4	1.99	0.80	1.8	33.50	0.76
389	NR	**Sealed Power**	**108.2**	32⅝–10⅝	25¼	2.69	9.4	0.52	1.00	4.0	19.38	0.77
266	409	**Sears, Roebuck**	**149.2**	45⅛–14⅞	38	3.15	12.1	0.34	1.76	4.6	29.48	0.78
339	523	**Seaway Food Town**	**122.2**	18½– 7⅜	17½	1.99	8.8	0.07	0.68	3.9	17.56	1.00
387	255	**Security Pacific**	**108.6**	31⅜–10¼	29⅞	4.31	6.9	0.41	1.34	4.5	26.87	0.90
271	381	**Service Merchandise**	**147.6**	27 – 4⅝	13	0.50	26.0	0.20	0.08	0.6	9.63	0.74
333	141	**ServiceMaster Inds**	**125.5**	30⅞– 9⅞	22⅜	0.98	22.8	0.76	0.80	3.6	2.09	0.09
682	377	**Shaklee**	**19.0**	42¼– 7	17¼	0.99	17.4	0.55	0.72	4.2	12.00	0.70
29	NR	**Shaw Industries**	**573.6**	26⅞– 3½	24	2.94	8.2	0.39	0.60	2.5	14.39	0.60
238	168	**Shawmut**	**167.4**	41⅜–12½	41	5.19	7.9	0.69	1.84	4.5	33.78	0.82
71	125	**Sheller-Globe**	**356.3‡**	33½– 6	27⅜	4.15	6.6	0.26	0.90	3.3	22.92	0.84
66	50	**Sherwin-Williams**	**367.6**	41⅞– 8	41½	3.16	13.1	0.44	0.92	2.2	17.95	0.43
162	151	**Shopwell**	**226.7**	28¼– 3½	11⅞	–0.39	def	0.04	none	0.0	14.38	1.21
165	103	**Singer**	**225.0**	41 –11	39	3.77	10.3	0.28	0.40	1.0	19.50	0.50

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue of conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. ‡‡Three-year price change. NE: Negative equity. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
738	608	**Skyline**	**2.8%**	30¾–11⅜	13¼	$0.80	17.2	0.48	$0.48	3.5%	$10.88	0.79
265	745	**AO Smith**	**149.6**	23⅝– 4⅞	22⅞	–3.70	def	0.19	0.80	3.5	21.66	0.95
939	932	**Smith International**	**–87.6**	65⅞– 7¼	8	–5.90	def	0.25	0.32	4.0	19.80	2.47
101	781	**Smithfield Foods**	**300.0‡**	19½– 4¾	19½	2.11	9.2	0.03	none	0.0	13.39	0.69
763	823	**SmithKline Beckman**	**–7.3**	88⅜–50	74⅛	6.41	11.6	1.86	3.00	4.0	26.10	0.35
433	644	**Snap-on Tools**	**96.2**	41⅜–16½	39	2.94	13.3	1.37	1.16	3.0	14.65	0.38
207	406	**Society**	**195.7**	54 –14¼	51	5.57	9.2	0.63	1.84	3.6	40.63	0.80
733	624	**Sonat**	**4.8**	43⅛–19⅞	36¾	3.38	10.9	0.61	2.00	5.4	35.47	0.97
155	214	**Sonoco Products**	**231.4**	30½– 8¾	29	2.20	13.2	0.76	0.74	2.6	11.94	0.41
448	384	**Southeast Banking**	**92.4‡**	38 –13⅜	38	3.10	12.3	0.58	1.20	3.2	26.59	0.70
449	382	**So Calif Edison**	**92.2**	27⅞–11⅜	24⅝	3.25	7.6	1.03	2.16	8.8	19.96	0.81
506	484	**Southern Company**	**74.5**	23⅛–10⅞	21⅜	3.21	6.7	0.84	2.04	9.5	18.55	0.87
269	325	**So New England Tel**	**148.0**	44 –16⅞	42⅝	3.77	11.3	0.99	2.80	6.6	30.05	0.70
767	659	**Southern Union**	**–9.1**	32 –14	27½	–3.06	def	0.64	1.72	6.3	17.60	0.64
201	590	**Southland**	**200.0**	48¼–13¾	41	4.20	9.8	0.16	1.00	2.4	25.39	0.62
188	NR	**Southmark**	**207.8**	11½– 2½	9¼	1.97	4.7	0.61	0.24	2.6	11.12	1.20
287	NR	**Southwest Airlines**	**142.0**	35¼– 9½	27⅞	1.75	15.9	1.34	0.13	0.5	12.25	0.44
894	776	**Southwest Forest Inds**	**–53.8**	28⅞– 7¼	10¾	–1.31	def	0.14	none	0.0	20.33	1.89
NR	NR	**Southwestern Bell**	**NA**	88½–55	79¾	9.95	8.0	1.02	6.00	7.5	70.28	0.88
351	437	**Southwestern Pub Svc**	**118.9**	26⅞–10½	24⅝	2.72	9.1	1.20	2.02	8.2	12.99	0.53
NR	NR	**Sovran Financial**	**NA**	31½–16⅞	28⅛	3.40	8.3	0.72	1.28	4.6	19.30	0.69
818	855	**Sperry**	**–22.7**	65⅝–20½	49	0.58	NM	0.48	1.92	3.9	52.88	1.08
358	412	**Springs Industries**	**117.3**	45 –16¼	37¾	1.73	21.8	0.37	1.52	4.0	50.07	1.33
626	435	**Square D**	**36.2**	43⅝–21¼	39½	3.13	12.6	0.83	1.84	4.7	19.17	0.49
252	584	**Squibb**	**155.5**	76⅜–26⅝	75⅜	4.03	18.7	2.04	1.76	2.3	24.87	0.33
770	799	**Staley Continental**	**–9.7**	33⅝–15⅜	24⅜	0.19	NM	0.26	0.80	3.3	23.48	0.96
432	312	**Stanadyne**	**96.6**	30 –10½	28¾	2.96	9.7	0.59	1.08	3.8	19.31	0.67
273	259	**Std Commercial Tob**	**146.9**	27 – 7¾	20	2.71	7.4	0.12	0.56	2.8	25.77	1.29
824	780	**Standard Oil Ohio**	**–23.4**	72¾–26½	55⅛	5.85	9.4	1.03	2.80	5.1	35.71	0.65
495	668	**Stanley Works**	**77.1**	31⅜–12¾	31	2.73	11.4	0.72	1.04	3.4	16.50	0.53
18	16	**State Street Boston**	**690.2**	41½– 5	40¾	3.12	13.1	1.29	0.60	1.5	16.21	0.40
NR	NR	**Stater Bros**	**NA**	10 – 8¾	9⅝	0.65	14.8	0.05	none	0.0	0.87	0.09
516	589	**Sterling Drug**	**71.4**	41⅜–18¼	39	2.46	15.9	1.29	1.20	3.1	15.34	0.39
460	653	**JP Stevens**	**89.5**	27⅜–11⅞	27	–0.65	def	0.25	1.20	4.4	30.84	1.14
788	848	**Stewart & Stevenson**	**–14.3**	23⅞– 9⅝	15	0.71	21.1	0.26	none	0.0	19.45	1.30
677	621	**Stewart-Warner**	**20.3**	36 –20⅛	28⅞	1.40	20.6	0.68	1.68	5.8	25.91	0.90
244	190	**Stone Container**	**161.7**	45 –11½	31¾	0.80	39.7	0.36	0.60	1.9	21.62	0.68
32	17	**Stop & Shop Cos**	**541.5**	62⅝– 6	39⅛	3.62	10.8	0.16	1.10	2.8	28.28	0.72
945	944	**Storage Technology**	**–91.7**	40⅜– 1½	1⅞	–13.42	def	0.10	none	0.0	0.08	0.04
171	441	**Storer Communication**	**220.2**	93⅜–19	93¼	–0.69	def	3.04	0.40	0.4	18.16	0.19
26	21	**Strawbridge**	**598.3**	40 – 5½	39¾	3.37	11.8	0.38	0.76	1.9	21.07	0.53
NR	NR	**Student Loan**	**NA**	38⅜–20⅞	36⅛	2.32	15.8	1.21	0.24	0.7	7.92	0.22
15	7	**Subaru of America**	**748.0**	171½–17⅜	159	11.70	13.6	0.72	2.28	1.4	32.64	0.21
498	460	**Sun Chemical**	**76.6**	39 –13¼	36½	2.45	14.9	0.33	0.48	1.3	22.91	0.63
732	561	**Sun Company**	**4.9**	59⅝–26¾	51⅛	2.19	23.3	0.42	2.30	4.5	45.90	0.90
779	710	**Sundstrand**	**–12.8**	58¼–23¼	49¼	3.91	12.6	0.75	1.80	3.7	28.97	0.59
NR	NR	**SunTrust Banks**	**NA**	39½–31	39½	3.37	11.7	1.10	1.20	3.0	19.29	0.49
56	77	**Super Food Services**	**401.4**	39¼– 6⅜	38½	2.63	14.6	0.09	0.26	0.7	17.95	0.47
192	189	**Super Valu Stores**	**204.7**	22¾– 7⅛	22⅜	1.24	18.0	0.23	0.38	1.7	6.34	0.28
50	80	**Supermarkets General**	**424.7**	48⅜– 7⅞	47⅞	3.50	13.7	0.17	0.48	1.0	16.14	0.34
406	375	**Swift Independent**	**102.0††**	37¾– 8⅞	24¾	–0.98	def	0.04	1.20	4.8	24.91	1.01
638	678	**Sybron**	**31.5**	29¼–14	20⅜	1.10	18.5	0.39	1.08	5.3	16.48	0.81
156	43	**Sysco**	**231.2**	44½–13¼	43⅞	2.43	18.1	0.35	0.44	1.0	15.72	0.36
110	421	**Talley Industries**	**290.0**	21½– 3⅜	19½	1.42	13.7	0.36	0.20	1.0	12.90	0.66
831	NR	**Tandem Computers**	**–26.0**	40¼–12⅞	18¾	0.82	22.9	1.24	none	0.0	9.24	0.49
570	111	**Tandy**	**53.9**	64½–20	38	2.18	17.4	1.15	none	0.0	12.00	0.32
456	485	**TECO Energy**	**89.9**	36⅝–16½	33	3.51	9.4	1.07	2.36	7.2	24.26	0.74
405	548	**Tecumseh Products**	**103.6**	114 –52½	112	11.05	10.1	0.72	3.20	2.9	80.74	0.72
797	797	**Tektronix**	**–15.7**	86¾–34	51½	3.78	13.6	0.73	1.00	1.9	41.30	0.80
442	91	**Teledyne**	**93.8‡**	302⅜–69½	279	24.39	11.4	0.99	none	0.0	99.01	0.35
10	NR	**Telex**	**984.7**	54¼– 4¼	52⅞	4.35	12.2	1.16	none	0.0	13.43	0.25
NR	NR	**Temple-Inland**	**NA**	40⅝–25⅜	40⅜	3.67	11.0	0.78	0.64	1.6	32.86	0.81
821	804	**Tenneco**	**–23.0**	51⅞–22⅞	39¾	2.78	14.3	0.39	3.04	7.6	41.87	1.05

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Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
880	892	**Tesoro Petroleum**	–45.9%	24½– 8⅝	11⅝	$–7.01	def	0.07	$0.40	3.4%	$26.76	2.30
839	683	**Texaco**	–28.6	49⅛–26	34¼	1.47	23.3	0.16	3.00	8.8	55.15	1.61
606	821	**Texas Air**	42.9	20 – 4	15	4.17	3.6	0.14	none	0.0	–1.77	NE
741	331	**Texas American Bcshs**	0.3	45¾–25⅜	25⅞	3.10	8.3	0.42	1.52	5.9	34.37	1.33
803	333	**Texas Commerce Bcshs**	–17.7	48¼–25⅞	26¾	3.87	6.9	0.44	1.56	5.8	35.98	1.35
774	824	**Texas Eastern**	–10.7	39¾–18½	35⅜	3.97	8.9	0.33	2.20	6.2	29.11	0.82
783	570	**Texas Instruments**	–13.8	176 –70½	104⅛	–0.50	def	0.50	2.00	1.9	62.58	0.60
758	109	**Texas Oil & Gas**	–5.1	27⅞– 8⅞	15½	1.32	11.7	1.91	0.18	1.2	8.32	0.54
543	510	**Texas Utilities**	61.8	31⅞–16¼	30⅛	4.31	7.0	1.00	2.52	8.4	27.79	0.92
522	576	**Textron**	67.0	59¾–17¼	49⅞	5.13	9.7	0.34	1.80	3.6	34.95	0.70
785	883	**Thorn Apple Valley**	–14.0	9¼– 3⅞	5⅜	–0.53	def	0.03	none	0.0	9.37	1.74
68	131	**Thrifty Corp**	361.8	25¼– 4⅜	23⅜	1.60	14.6	0.33	0.60	2.6	7.72	0.33
926	792	**Tidewater**	–74.6	53 –12¼	12⅞	–3.75	def	0.80	0.90	7.0	13.15	1.02
698	NR	**TIE/Communications**	13.8	40⅜– 3⅞	5½	–1.48	def	0.57	none	0.0	8.15	1.48
910	930	**Tiger International**	–65.6	26⅝– 4¼	8	–5.76	def	0.21	none	0.0	0.09	0.01
NR	NR	**Time Inc**	NA	61¾–33¾	59⅜	3.40	17.5	1.12	1.00	1.7	16.98	0.29
284	281	**Times Mirror**	142.8	58½–17¾	50⅜	3.80	13.3	1.13	1.50	3.0	18.50	0.37
836	733	**Timken**	–27.1	78 –40⅜	44⅛	0.78	56.6	0.48	1.80	4.1	66.79	1.51
680	370	**Todd Shipyards**	19.6	41¾–19½	29	1.99	14.6	0.29	1.32	4.6	33.27	1.15
635	767	**Toledo Edison**	33.1	22½–13⅜	21⅛	4.70	4.5	1.11	2.52	11.9	23.85	1.13
57	140	**Torchmark**	400.1	26½– 5	25⅝	2.02	12.7	1.40	0.60	2.3	10.39	0.41
622	915	**Toro**	37.4	18⅞– 5⅜	18⅜	1.67	11.0	0.37	0.40	2.2	10.26	0.56
938	952	**Tosco**	–87.4	33 – 1	4	–7.37	def	0.06	none	0.0	–15.05	NE
25	8	**Toys 'R' Us**	611.6	41¼– 4¾	37¼	1.33	28.0	1.66	none	0.0	7.11	0.19
587	NR	**Tracor**	49.4	28¼– 8¾	19	1.52	12.5	0.67	0.32	1.7	9.54	0.50
NR	NR	**Trans World Airlines**	NA	23 – 7⅛	22½	–4.10	def	0.21	none	0.0	16.12	0.72
488	504	**Transamerica**	80.0	34 –16½	33¾	2.29	14.7	0.34	1.68	5.0	28.57	0.85
780	714	**Transco Energy**	–13.0	58¼–23⅛	50⅜	1.01	49.9	0.35	2.16*	4.3*	36.00	0.71
501	588	**Transway Intl**	76.0	47½–19½	45¾	3.61	12.7	0.34	1.80	3.9	28.69	0.63
NR	NR	**Transworld**	NA	43¼–23⅝	40	2.90	13.8	0.71	0.48	1.2	16.51	0.41
290	359	**Travelers**	140.5	49¼–16½	46¾	3.08	15.2	0.29	2.04	4.4	38.89	0.83
NR	NR	**Tribune**	NA	52 –24	51¾	2.94	17.6	1.09	1.00	1.9	20.45	0.40
881	542	**Trinity Industries**	–46.1	27⅞– 9	13¾	–0.29	def	0.46	0.50	3.6	10.69	0.78
652	342	**TRW**	27.4	83½–45⅝	77¼	2.13	36.3	0.37	3.00	3.9	46.23	0.60
352	118	**Turner**	118.8	31⅛– 9	24¾	2.51	9.9	0.05	1.20	4.8	15.25	0.62
466	228	**Tyco Laboratories**	88.7	46 –10	45⅞	3.45	13.3	0.67	0.80	1.7	20.01	0.44
510	397	**Tyler**	73.6	17¾– 6⅛	14	1.14	12.3	0.29	0.40	2.9	10.57	0.76
17	55	**Tyson Foods**	706.2	27¾– 2¼	26	1.76	14.8	0.49	0.06	0.2	4.32	0.17
237	369	**UAL**	170.0	59½–15⅛	47¼	–0.85	def	0.27	1.00	2.1	46.55	0.99
851	873	**UGI**	–35.4	35 –16½	21¼	1.85	11.5	0.31	2.04	9.6	25.41	1.20
571	416	**Union Camp**	53.8	43⅜–21	38¾	2.32	16.7	1.01	1.64	4.2	26.44	0.68
667	676	**Union Carbide**	22.9	73⅞–32¾	61¾	–5.10	def	0.47	3.40	5.5	69.89	1.13
852	731	**Union Pacific**	–35.6	79¼–29¼	50¾	4.10	12.4	0.73	1.80	3.5	37.93	0.75
602	734	**United Brands**	43.6	27⅛– 6½	23⅞	2.27	10.5	0.11	0.05	0.2	21.85	0.91
759	838	**United Energy**	–5.2	54⅛–22	45⅜	–0.85	def	0.37	2.48	5.5	31.00	0.68
619	868	**United Illuminating**	37.9	29 – 9	25	5.81	4.3	0.67	2.32	9.3	33.80	1.35
108	216	**United Merchants**	292.0	18¾– 3½	18⅛	–2.41	def	0.19	none	0.0	16.82	0.93
574	592	**US Bancorp**	52.6	32 –12¼	30⅜	3.24	9.4	0.74	1.00	3.3	26.55	0.87
900	808	**US Home**	–58.3	20¾– 5	6¼	–0.40	def	0.23	none	0.0	7.95	1.27
75	61	**United States Shoe**	352.5	49 – 9⅞	45¼	2.78	16.3	0.54	0.92	2.0	19.64	0.43
730	566	**United States Steel**	5.1	35¼–16	26	1.03	25.2	0.17	1.20	4.6	41.63	1.60
611	424	**United Technologies**	40.6	45 –15⅝	42⅞	2.00	21.4	0.35	1.40	3.3	30.25	0.71
647	721	**United Telecom**	29.0	25 –14⅜	22¼	2.24	9.9	0.68	1.92	8.6	18.71	0.84
138	173	**United Virginia Bkshs**	246.0	48¼–13½	46½	5.16	9.0	0.81	1.64	3.5	29.37	0.63
514	574	**Univar**	72.5†	35 –12⅝	22	1.82	12.1	0.13	0.80	3.6	17.08	0.78
281	488	**Universal Foods**	144.7	31 –11⅜	28¾	2.51	11.5	0.40	1.12	3.9	17.26	0.60
631	257	**Universal Leaf**	34.4	23⅝–10⅞	21¾	2.62	8.3	0.32	1.00	4.6	15.17	0.70
845	336	**Unocal**	–31.1	51 –21¼	30¾	4.05	7.6	0.33	1.20	3.9	32.78	1.07
425	567	**Upjohn**	97.6	135½–38	133⅜	6.06	22.0	2.04	2.80	2.1	37.00	0.28
NR	NR	**US West**	NA	84⅝–55⅛	82¼	9.86	8.3	1.02	5.72	7.0	69.01	0.84
524	42	**USAir Group**	66.5	39⅞–10	29⅛	4.06	7.2	0.45	0.12	0.4	31.78	1.09
496	632	**USF&G**	77.0	39⅞–15⅝	37½	–0.50	def	0.69	2.20	5.9	20.14	0.54
236	314	**USG**	170.5	44¼–13	44⅝	6.32	7.1	0.60	1.68	3.8	25.67	0.58

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Does not include stock dividends in Transco Exploration Partners as part of the dividend. †Price change does not reflect the value of shares received in a spinoff. NE: Negative equity. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
537	528	**USLife**	63.1%	43 –14½	39¾	$0.78	51.0	0.78	$1.12	2.8%	$38.94	0.98
540	547	**Utah Power & Light**	62.8	26⅞–15	26¼	1.93	13.6	1.39	2.32	8.8	18.42	0.70
913	913	**Valero Energy**	–66.6	40⅝– 5⅞	13	–0.01	def	0.12	none	0.0	17.89	1.38
547	582	**Valley National**	61.1	42¼–13⅛	38¼	4.37	8.8	0.63	1.32	3.5	28.39	0.74
445	233	**Varian Associates**	92.9	63⅜–11⅜	27⅛	1.19	22.8	0.60	0.26	1.0	19.57	0.72
23	39	**VF**	652.0	51¼– 6¾	51	4.22	12.1	1.14	1.28	2.5	14.27	0.28
383	260	**Vulcan Materials**	109.6	87½–38¾	87½	6.59	13.3	1.02	2.80	3.2	44.21	0.51
104	144	**Wachovia**	298.7	38⅝– 8⅝	36⅛	3.55	10.2	1.23	1.00	2.8	17.52	0.48
19	6	**Wal-Mart Stores**	690.1	30⅛– 3⅜	29⅞	1.08	27.7	1.07	0.14	0.5	3.52	0.12
86	122	**Waldbaum**	338.2	27¼– 5⅛	27¼	2.99	9.1	0.08	0.05	0.2	23.09	0.85
37	28	**Walgreen**	479.3	30¼– 4⅝	27⅞	1.53	18.2	0.54	0.50	1.8	6.76	0.24
764	108	**Wang Laboratories**	–7.9	42½–12	18⅞	–0.20	def	1.12	0.16	0.8	8.93	0.47
109	79	**Warnaco**	290.4	36¼– 7⅝	30½	1.90	16.1	0.52	0.88	2.9	17.29	0.57
776	742	**Warner Communications**	–11.3‡	63¼–17	34½	–2.39	def	0.99	none	0.0	4.86	0.14
404	427	**Warner-Lambert**	103.7	46½–17	41	3.04	13.5	0.98	1.56	3.8	18.18	0.44
443	476	**Washington Gas Light**	93.1	23½–10¾	21	2.35	8.9	0.45	1.66	7.9	16.18	0.77
724	638	**Washington National**	5.6	39⅝–14¼	26¾	0.66	40.5	0.37	1.08	4.0	32.19	1.20
54	70	**Washington Post**	408.3	130 –19⅜	115	8.53	13.5	1.38	0.96	0.8	27.17	0.24
341	150	**Waste Management**	121.7	34½–12¾	33⅞	1.66	20.4	2.11	0.48	1.4	9.09	0.27
314	537	**Del E Webb**	132.8	25 – 4⅞	19½	1.94	10.1	0.48	0.20	1.0	14.89	0.76
87	124	**Weis Markets**	336.9	36¼– 8⅛	36¼	1.91	19.0	1.12	0.50	1.4	10.49	0.29
365	410	**Wells Fargo**	115.8‡	62¼–18¼	61½	8.03	7.7	0.39	2.72	4.4	56.21	0.91
67	76	**Wendy's Intl**	366.7	19⅛– 3⅞	16⅝	1.02	16.3	1.14	0.24	1.4	4.97	0.30
416	275	**West Point-Pepperell**	99.4	54⅞–19⅛	42⅜	2.75	15.4	0.36	2.20	5.2	44.18	1.04
823	933	**Western Air Lines**	–23.3	11⅞– 2⅝	7	0.95	7.4	0.23	none	0.0	2.08	0.30
944	916	**Western Co No Amer**	–91.6	32⅛– 1½	2⅜	–1.48	def	0.20	none	0.0	7.51	3.16
866	867	**Western Union**	–39.7	54¼– 5¾	14⅝	–4.24	def	0.32	none	0.0	26.63	1.82
180	197	**Westinghouse**	213.1	46¾–10⅞	46⅜	3.31	14.0	0.78	1.20	2.6	21.40	0.46
787	884	**Westmoreland Coal**	–14.1	27¾–13½	19¾	–7.18	def	0.28	0.40	2.0	20.77	1.05
503	356	**Westvaco**	75.5	42 –16½	41¼	3.65	11.3	0.69	1.32	3.2	32.82	0.80
302	266	**Wetterau**	137.4	38¾– 9⅜	36½	2.80	13.0	0.12	0.98	2.7	16.32	0.45
782	819	**Weyerhaeuser**	–13.6	41¾–22½	29½	1.05	28.1	0.71	1.30	4.4	23.04	0.78
902	771	**Wheeling-Pittsburgh**	–59.5	40⅛– 6⅜	8½	–52.63	def	0.05	none	0.0	41.76	4.91
295	240	**Whirlpool**	139.0	57 –18⅞	46	4.62	10.0	0.50	2.00	4.3	29.94	0.65
639	706	**White Consolidated**	31.3	48⅜–22½	32	–6.00	def	0.26	1.50	4.7	30.81	0.96
848	778	**Whittaker**	–32.6	50⅞–14½	19⅞	2.04	9.7	0.23	0.60	3.0	24.43	1.23
911	941	**Wickes Cos**	–66.0	16⅛– 2	4⅜	0.92	4.8	0.14	none	0.0	3.55	0.81
605	660	**Wicor**	43.2	31½–15¾	28⅝	3.37	8.5	0.20	2.42	8.5	28.16	0.98
632	650	**Willamette Inds**	33.8	48¼–16¼	46¾	4.42	10.6	0.61	1.65	3.5	28.73	0.61
860	823	**Williams Cos**	–38.6	47½–12⅝	29	1.35	21.5	0.31	1.40	4.8	37.43	1.29
719	352	**Wilson Foods**	6.7††	15 – 4⅛	6	–2.80	def	0.02	none	0.0	8.35	1.39
342	368	**Winn-Dixie Stores**	121.7	38⅜–15⅝	35¾	2.62	13.6	0.19	1.74	4.9	15.80	0.44
187	NR	**Winn Enterprises**	208.3	5½– ⅜	4⅝	–0.05	def	0.06	none	0.0	3.54	0.77
246	309	**Wisconsin Electric**	161.2	40½–13½	38¾	4.42	8.8	0.90	2.48	6.4	28.41	0.73
311	463	**Wisconsin P&L**	133.4	40⅜–15½	39⅜	4.27	9.2	0.92	2.76	7.0	26.03	0.66
276	378	**Wisconsin Public Svc**	145.6	39⅝–14¾	38⅜	4.16	9.2	0.71	2.86	7.5	27.20	0.71
428	450	**Witco**	97.0	40½–13¾	38¾	3.88	10.0	0.39	1.48	3.8	25.35	0.65
317	531	**FW Woolworth**	131.3	58⅛–15⅞	57¼	4.74	12.1	0.31	2.00	3.5	32.64	0.57
457	432	**Worthington Inds**	89.9	20 – 6¼	18¾	1.39	13.5	0.73	0.44	2.3	7.37	0.39
223	487	**Wm Wrigley Jr**	181.0	91½–29⅛	88½	6.02	14.7	1.02	3.10	3.5	32.59	0.37
703	319	**Wyman-Gordon**	10.5	37¼–15½	21	1.19	17.6	0.97	0.80	3.8	17.32	0.82
754	898	**Xerox**	–4.0	64 –27⅛	57½	1.83	31.4	0.63	3.00	5.2	42.77	0.74
168	294	**Yellow Freight System**	222.6	25¼– 5⅜	25	1.93	13.0	0.47	0.54	2.2	9.84	0.39
718	572	**Zale**	6.8	34 –17⅜	29½	2.27	13.0	0.34	1.32	4.5	38.00	1.29
925	686	**Zapata**	–74.6	39⅝– 7⅝	9¼	0.12	NM	0.52	0.12	1.3	23.17	2.50
12	3	**Zayre**	846.3	61¼– 5½	57⅛	3.37	17.0	0.42	0.48	0.8	17.75	0.31
762	229	**Zenith Electronics**	–6.4	38⅝– 9¾	18¼	0.02	NM	0.26	none	0.0	20.00	1.10
386	654	**Zurn Industries**	108.6	41½–17¾	39⅜	2.67	14.7	0.63	1.32	3.4	26.39	0.67

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NM: Not meaningful. def: Deficit.

WHO'S WHERE IN PROFITABILITY

Leading in profitability is a bit like being heavyweight champ: The reign is sweet but usually short.

LAST YEAR MCI RANKED FIRST among all companies on our lists in five-year average return on equity, with an astronomical 125.3%. That was, of course, a statistical fluke—unsustainable. This year MCI weighed in with a still high, but much more reasonable, 32.1%.

The new leader is Price Co., which moved from fifth place to first even though its five-year return on equity declined a mite, from 65.7% to 63.8%. Latest four-quarter results at Price didn't surpass five-year results, but a 45.1% return for the latest 12 months indicates that this warehouse-style retailer has yet to run out of steam. Price is a shoo-in for a high ranking next year even if it slips over the next few quarters.

Some high returns on equity may not be as good as they seem. Chrysler's flirtation with disaster back in the early 1980s created an equity account deficit that lasted for three years. As the public snapped up K cars, born-again Chrysler earned $1.5 billion in 1984. Measured against equity of $1.1 billion in 1983, that was a spectacular return on equity of over 125%. Over the last 12 months Chrysler's return is still 59.2%. This profitability will diminish as the company restores its book value. In the meantime a five-year average profitability for Chrysler can't be calculated because of the losses in 1981 and 1982.

High returns on equity may also indicate high capital leverage. Litton Industries, for example, has a five-year profitability figure of 22.9%. But its debt as a percentage of equity is 158.3%—considerably higher than most of the other companies in its industry subgroup *(see p. 160).*

Profitability is hard to achieve and even harder to maintain. Of the 50 leading firms on that count in the 1981 Annual Report on American Industry, only 11 are still members of this select group. Of the bottom 50 companies, 15 were graduated out of the cellar group, while 6 were acquired or went private and 13 were dropped. In business school they call this gyration of ranks "regression toward the mean." Meaning, with time both fantastic and rotten companies tend to move toward the merely average.

Who's where in profitability

Company	rank	Return on equity 5-year average	Return on equity latest 12 months
Price Co	1	63.8%	45.1%
Apple Computer	2	63.8	12.9
Jefferson Smurfit	3	55.7	17.8
Subaru of America	4	55.5	35.9
NIKE	5	55.4	9.6
ServiceMaster Inds	6	43.1	46.9
Limited	7	41.6	44.2
Columbia S&L	8	41.1	42.1
Tandy	9	40.1	19.3
Big Bear	10	38.5	29.4
Student Loan	11	38.2	29.3
Dun & Bradstreet	12	37.9	23.3
Charter Medical	13	35.9	32.3
Bruno's	14	35.1†	23.0
Savannah Foods	15	35.1	16.6
Wal-Mart Stores	16	34.9	30.7
Standard Oil Ohio	17	34.5	16.4
General Cinema	18	34.5	34.5
American Home Products	19	34.2%	33.8%
Geico	20	34.1	19.1
Texas Oil & Gas	21	33.6	18.4
Lockheed	22	33.5	32.5
Prime Computer	23	33.2	17.0
Humana	24	33.1	28.6
Dow Jones	25	32.2	26.1
MCI Communications	26	32.1	9.8
Pioneer	26	32.1	16.8
Hasbro	28	31.8	29.1
SmithKline Beckman	29	31.7	24.6
Comdisco	30	31.6	30.3
LB Foster	31	31.5	1.6
VF	32	30.9	29.6
Schlumberger	33	30.6	15.1
Food Lion	34	30.4	27.3
TIE/Communications	35	30.3	def
Deluxe Check	36	29.8	33.4
Telex	37	29.5%	32.4%
Federal Express	38	29.4	12.8
Wang Laboratories	39	29.0	def
American Continental	40	28.8	52.9
G Heileman Brewing	41	28.7	16.0
EG&G	42	28.6	35.2
MEI	43	28.4	20.4
Bindley Western Inds	44	28.2	14.5
Computervision	45	28.0	def
Kellogg	46	27.5	54.9
Phibro-Salomon	47	27.5	11.9
Mitchell Energy	48	27.1	4.3
First Boston	49	27.1	22.0
Natl Convenience	50	27.0	12.0
American Stores	51	26.8	26.4
Circuit City Stores	52	26.8	22.8
Super Valu Stores	53	26.6	19.6
Pulte Home	54	26.5	13.8

def: Deficit † Four year average

		Return on equity	
Company	rank	5-year average	latest 12 months
Allied Bancshares	55	26.4%	21.6%
Turner	56	25.7	16.5
ICH	57	25.6	31.3
Abbott Laboratories	58	25.6	27.9
Southwest Airlines	59	25.6	14.3
Emery Air Freight	60	25.3	13.4
Advanced Micro	61	25.1	8.5
EF Hutton Group	62	24.9	8.7
Toys "R" Us	63	24.9	18.7
Melville	64	24.8	20.3
SCOA Industries	65	24.8	22.6
Brunswick	66	24.7	20.9
IBM	67	24.7	22.8
Wendy's Intl	68	24.2	20.5
Kelly Services	69	24.2	28.7
Dean Foods	70	24.1	23.6
Maytag	71	24.0	31.1
Dover	72	24.0	16.8
RJ Reynolds Inds	73	24.0	24.6
Culbro	74	24.0	7.3
Rite Aid	75	23.8	18.4
Swift Independent	76	23.7†	def
Carlisle Corp	77	23.7	16.3
James River Corp Va	78	23.6	16.8
Worthington Inds	79	23.6	20.2
Philip Morris Cos	80	23.6	26.5
Todd Shipyards	81	23.4	6.0
AMP	82	23.3	13.7
Allegheny Beverage	83	23.3	114.9
Bristol-Myers	84	23.3	24.2
Washington Post	85	23.3	31.4
CNW	86	23.2	def
Ames Dept Stores	87	23.1	19.7
PHH Group	88	23.1	18.4
Marsh & McLennan Cos	89	23.0	41.0
Equitable Resources	90	23.0	16.5
Jostens	91	22.9	20.3
Tyco Laboratories	92	22.9	18.2
Litton Industries	93	22.9	15.2
Brown-Forman	94	22.8	17.7
Pioneer Hi-Bred Intl	94	22.8	26.0
Nalco Chemical	96	22.8	20.6
Fort Howard Paper	97	22.6	18.1
McGraw-Hill	98	22.6	21.1
McDonald's	99	22.6	22.0
First Executive	100	22.5	10.7
Marriott	101	22.2	22.4
Church's Fried	102	22.2	16.5
Cooper Tire & Rubber	103	22.2	12.3
Waste Management	104	22.2	18.2
Loews	105	22.1	27.4
Eli Lilly	106	22.1	23.3
Republic New York	107	22.0	14.5
ConAgra	108	21.9	20.9
Albertson's	109	21.9	17.8
Delchamps	110	21.8†	15.2
Capital Cities	111	21.8	18.9
Coca-Cola	111	21.8	23.8
Walgreen	113	21.7	22.6
Merck	114	21.6	20.5
Herman Miller	115	21.6	26.0
Gannett	116	21.5	21.8
Equifax	117	21.4	20.1
RH Macy	118	21.4%	16.3%
Tesoro Petroleum	119	21.4	def
Revco DS	120	21.3	7.4
Teledyne	121	21.3	24.6
Entex	122	21.3	11.5
Finl Corp of America	123	21.2	def
Browning-Ferris Inds	124	21.2	22.4
Midlantic Banks	124	21.2	19.1
Supermarkets General	126	21.1	21.7
American Brands	127	21.1	18.6
Chesebrough-Pond's	128	21.0	16.8
General Dynamics	129	21.0	37.8
Morton Thiokol	130	21.0	29.5
State Street Boston	131	21.0	19.3
Giant Food	132	21.0	22.3
Hilton Hotels	132	21.0	19.3
National Medical	134	20.9	16.8
Holly Corp	135	20.9	22.7
Texas Commerce Bcshs	136	20.9	10.8
Rorer Group	137	20.8	18.4
New York Times	138	20.8	23.4
USAir Group	139	20.8	12.8
Emerson Electric	140	20.7	19.9
Gap	140	20.7	8.6
Roadway Services	140	20.7	14.6
Fuqua Industries	143	20.7†	17.9
Ametek	144	20.6	17.2
American Medical	145	20.6	19.9
Intl Flavors & Frags	145	20.6	19.3
Shaklee	147	20.6	8.3
Snap-on Tools	147	20.6	20.1
Boeing	149	20.5	13.3
Weis Markets	150	20.4	18.2
Hewlett-Packard	151	20.4	13.8
Fremont General	152	20.3	113.5
Blount	153	20.3	10.8
Raytheon	154	20.3	18.8
HJ Heinz	155	20.3	23.2
Freeport-McMoRan	156	20.2	17.5
General Electric	157	20.2	18.5
McLean Industries	157	20.2	def
United States Shoe	159	20.2	14.2
Bowater	160	20.2	20.2
Anheuser-Busch Cos	161	20.1	19.4
Hannaford Bros	162	20.1	18.9
Occidental Petroleum	163	20.1	12.7
Minn Mining & Mfg	164	20.1	18.1
E-Systems	165	20.1	20.7
Petrie Stores	165	20.1	18.4
Piedmont Aviation	167	20.1	15.7
Winn-Dixie Stores	168	20.0	17.1
Cullum Cos	169	20.0	17.7
Pentair	170	20.0	17.9
Cabot	171	19.9	def
Sysco	172	19.8	16.5
Saga	173	19.8	14.4
Wyman-Gordon	174	19.8	6.9
Service Merchandise	175	19.8	5.2
Exxon	176	19.8	15.8
Amoco	177	19.8	16.5
Procter & Gamble	178	19.7	12.8
Hershey Foods	179	19.7	16.8
Cincinnati Financial	180	19.7	13.0
Time Inc	180	19.7%††	20.0%
Masco	182	19.7	16.9
Pennzoil	183	19.7	10.5
Lear Siegler	184	19.7	15.9
Genuine Parts	185	19.6	17.9
Square D	186	19.5	16.3
National Service	187	19.5	18.1
General Mills	188	19.5	def
Tracor	189	19.4	15.9
Automatic Data	190	19.4	17.6
Sonat	191	19.4	9.5
Avon Products	192	19.3	13.9
Murphy Oil	192	19.3	8.5
Southwestern Pub Svc	192	19.3	20.9
Tandem Computers	192	19.3	8.9
Southmark	196	19.3	19.6
Valero Energy	197	19.3	def
General Host	198	19.3	41.8
Gillette	199	19.2	20.0
Stop & Shop Cos	200	19.2	12.8
Flowers Industries	201	19.2	19.4
Johnson & Johnson	202	19.2	20.3
Bergen Brunswig	203	19.2	17.2
Lucky Stores	203	19.2	17.5
Meredith	205	19.2	19.6
Clorox	206	19.1	19.6
Universal Leaf	207	19.0	18.3
Hospital Corp	208	19.0	17.9
Anixter Bros	209	19.0	9.1
American Intl Group	210	19.0	10.0
Payless Cashways	211	18.9	13.7
MCorp	212	18.9	12.5
Pfizer	212	18.9	21.9
First Atlanta	214	18.8	22.3
Hillenbrand Inds	215	18.8	15.2
Computer Sciences	216	18.8	15.9
IU International	217	18.8	def
MGM Grand Hotels	218	18.7††	NE
Rockwell Intl	218	18.7	24.0
Combined Intl	220	18.6	18.3
Times Mirror	220	18.6	20.5
Banc One	222	18.6	18.2
Fleming Cos	222	18.6	16.2
McCormick	224	18.6	11.1
Dillard Dept Stores	225	18.6	19.8
Transco Energy	226	18.6	2.8
Nucor	227	18.5	18.8
Curtice-Burns	228	18.5	15.8
Oxford Industries	229	18.5	4.2
John Blair & Co	230	18.4	def
Bankers Trust NY	231	18.4	17.2
Sara Lee	232	18.4	19.9
Ryder System	233	18.4	15.4
Arkla	234	18.3	9.8
Big V Supermarkets	235	18.3	13.3
Old Republic Intl	236	18.3	13.0
Purolator Courier	237	18.3	def
Nordstrom	238	18.3	16.8
Longs Drug Stores	239	18.2	15.8
Sanders Associates	239	18.2	11.6
SCI Systems	241	18.2	15.7
Fleet Financial	242	18.2	19.1
Std Commercial Tob	243	18.2	10.5

def: Deficit. NE: Negative equity. † Four-year average. ††Three-year average

Who's where in profitability

		Return on equity	
Company	rank	5-year average	latest 12 months
Unocal	243	18.2%	12.4%
Coleco Industries	245	18.0	def
American Express	246	18.0	15.3
Merrill Lynch	247	18.0	9.0
United Energy	247	18.0	def
Beverly Enterprises	249	18.0	12.1
Pitney Bowes	249	18.0	20.8
Lubrizol	251	17.9	12.7
Upjohn	252	17.9	16.4
Rubbermaid	253	17.9	21.8
Atlantic Richfield	254	17.9	def
Warnaco	254	17.9	11.0
Circle K	256	17.9	23.8
Consolidated Papers	257	17.9	25.0
Barnett Banks Fla	258	17.9	18.2
Engelhard	259	17.8	10.2
Farmers Group	259	17.8	16.6
Shaw Industries	261	17.7	22.4
Foster Wheeler	262	17.7	8.6
Interpublic Group	263	17.7	18.3
Whirlpool	263	17.7	15.4
Consol Freightways	265	17.7	14.2
Monfort of Colorado	266	17.6	18.2
Centel	267	17.6	16.2
Vulcan Materials	268	17.6	14.9
Whittaker	269	17.5	8.4
American Greetings	270	17.5	18.1
First Union	271	17.4	20.2
General Re	272	17.4	2.8
Harvey Hubbell	273	17.4	17.8
Mapco	274	17.4	17.8
Dibrell Brothers	275	17.4	18.2
Jerrico	276	17.3	12.1
Sonoco Products	276	17.3	18.4
American Hospital	278	17.2	14.1
Citizens & So Ga	279	17.2	18.9
PNC Financial	280	17.1	18.6
Thrifty Corp	280	17.1	20.7
United Virginia Bkshs	282	17.1	17.6
Emhart	283	17.1	15.4
Pillsbury	283	17.1	17.6
Brown Group	285	17.1	7.8
Sundstrand	286	17.0	13.5
CBI Industries	287	17.0	def
Zapata	288	17.0	0.5
Media General	289	17.0	12.0
Loral	290	17.0	17.7
Louisiana Land	291	16.9	15.9
RR Donnelley	292	16.9	17.9
PepsiCo	293	16.8	29.2
Panhandle Eastern	294	16.8	7.8
Golden West Finl	295	16.8	43.0
Alco Standard	296	16.8	11.3
Dayton-Hudson	296	16.8	16.1
Illinois Tool Works	296	16.8	15.2
Ralston Purina	299	16.8	27.3
Avery International	300	16.7	18.0
Avnet	301	16.7	5.8
Dexter	302	16.7	13.6
TRW	303	16.7	4.6
WW Grainger	304	16.7	15.2
CPC International	305	16.7	11.0
Ball Corp	306	16.7	17.0
Security Pacific	306	16.7%	16.0%
InterNorth	308	16.6	13.0
Hartford National	309	16.6	18.4
Amer Broadcasting	310	16.5	12.9
Global Marine	311	16.5	def
Gerber Products	312	16.5	15.1
Tyler	312	16.5	10.8
RepublicBank	314	16.5	13.2
Baker International	315	16.5	8.7
HH Robertson	316	16.5	def
Sovran Financial	317	16.4	17.6
M/A-Com	318	16.4	9.3
Halliburton	319	16.4	1.2
New England Electric	319	16.4	18.4
Wachovia	319	16.4	20.3
Mercantile Stores	322	16.3	15.0
Southland	323	16.3	16.5
Jack Eckerd	324	16.3	def
United Illuminating	325	16.2	17.2
United Technologies	326	16.2	6.6
Chevron	327	16.2	9.3
Knight-Ridder	327	16.2	15.5
Transworld	329	16.2††	17.6
Sterling Drug	330	16.2	16.0
Lowe's Cos	331	16.2	17.8
Pittway	331	16.2	12.6
Collins & Aikman	333	16.1	21.7
Phillips Petroleum	334	16.1	8.3
NCNB	335	16.1	17.5
Texas Eastern	336	16.1	13.6
Westinghouse	337	16.1	15.5
Commonwealth Energy	338	16.0	16.7
Diversified Energies	338	16.0	7.2
Northrop	338	16.0	33.2
Kansas City Southern	341	16.0	15.7
Reading & Bates	341	16.0	def
North American Coal	343	16.0	19.4
May Dept Stores	344	16.0	17.3
Texas Utilities	344	16.0	15.5
Schering-Plough	346	16.0	14.2
United Telecom	346	16.0	12.0
Enserch	348	16.0	0.3
Trinity Industries	348	16.0	def
Dynalectron	350	16.0	11.7
Paine Webber Group	351	15.9	8.6
Perkin-Elmer	352	15.9	13.2
Palm Beach	353	15.9	2.3
Quaker Oats	353	15.9	20.9
Iowa-Illinois G&E	355	15.9	15.6
Kansas City P&L	356	15.9	18.9
Handy & Harman	357	15.9	7.6
Oneok	358	15.9	9.5
Eastman Kodak	359	15.8	10.4
Beatrice	360	15.8	19.7
Motorola	361	15.8	6.8
Kansas Power & Light	362	15.8	15.4
Scott & Fetzer	362	15.8	15.3
Wisconsin P&L	364	15.8	16.4
First Fidelity Bncp	365	15.8	14.9
Moore Corp	365	15.8	17.6
Zayre	367	15.7	19.0
Western Co No Amer	368	15.7	def
JP Morgan	369	15.7	18.7
Bank of Boston	370	15.6%	17.4%
Central & South West	370	15.6	16.4
Rose's Stores	370	15.6	14.2
Tecumseh Products	370	15.6	13.7
Kroger	374	15.6	15.8
Universal Foods	375	15.6	14.5
Witco	375	15.6	15.3
Air Prods & Chems	377	15.5	13.1
Brooklyn Union Gas	377	15.5	15.7
Edison Bros Stores	379	15.5	7.8
Baxter Travenol Labs	380	15.5	2.8
Norstar Bancorp	380	15.5	14.9
Raychem	382	15.5	9.5
Stanadyne	382	15.5	15.3
Big Three Industries	384	15.4	1.9
Alexander & Baldwin	385	15.4	18.2
Bank of New York	385	15.4	15.4
Briggs & Stratton	385	15.4	11.2
No States Power	388	15.4	15.1
Tektronix	388	15.4	9.3
Fidelcor	390	15.4	16.9
Chemical New York	391	15.4	16.2
Bank of New England	392	15.3	18.0
Federal Paper Board	393	15.3	6.8
Intel	394	15.3	2.9
Federal-Mogul	395	15.3	13.8
Sun Company	396	15.3	4.8
TECO Energy	397	15.2	14.5
Harris Corp	398	15.2	8.0
Campbell Soup	399	15.2	15.7
Citicorp	399	15.2	16.0
CoreStates Financial	399	15.2	31.8
Combustion Eng	402	15.2	def
Kaman	402	15.2	17.6
Questar	402	15.2	12.7
Illinois Power	405	15.1	14.7
Rohm & Haas	406	15.1	15.3
Sealed Power	407	15.1	13.9
Southern Calif Edison	408	15.1	16.3
Mercantile Bancorp	409	15.0	12.9
Portland Genl Electric	410	15.0	12.9
BayBanks	411	15.0	16.0
Ruddick	412	15.0	12.4
Rohr Industries	413	14.9	23.6
Waldbaum	413	14.9	13.0
Dart & Kraft	415	14.9	17.1
PacifiCorp	415	14.9	16.1
Valley National	417	14.9	15.4
Tyson Foods	418	14.9	40.7
Archer-Daniels	419	14.9	10.6
Wm Wrigley Jr	419	14.9	18.5
Continental Telecom	421	14.8	17.4
Mobil	421	14.8	6.6
Wisconsin Public Svc	423	14.8	15.3
Meridian Bancorp	424	14.8	17.3
CityFed Financial	425	14.8	25.5
Figgie Intl	426	14.8	13.6
Consol Natural Gas	427	14.8	13.9
Union Camp	427	14.8	8.8
Leaseway Transport	429	14.8	8.7
Bausch & Lomb	430	14.8	19.8
Dennison Mfg	430	14.8	11.8
First of America Bank	432	14.7	19.1

def: Deficit ††Three-year average

		Return on equity	
Company	rank	5-year average	latest 12 months
Peoples Energy	433	14.7%	19.8%
American Standard	434	14.7	12.6
Cleveland Electric	435	14.7	16.5
Kimberly-Clark	436	14.7	16.9
San Diego Gas & Elec	436	14.7	15.9
Zurn Industries	436	14.7	10.1
Texas American Bcshs	439	14.7	9.0
Allegheny Power	440	14.7	13.8
KN Energy	441	14.7	11.6
Morrison-Knudsen	441	14.7	11.6
First Tennessee Natl	443	14.7	16.5
NCR	443	14.7	14.6
Wisconsin Electric	445	14.6	15.6
Tenneco	446	14.6	6.6
Federated Dept Stores	447	14.6	13.1
Ipalco Enterprises	448	14.6	13.2
Seagram	448	14.6	9.2
Fischbach	450	14.6	def
Intl Multifoods	451	14.5	12.3
Alltel	452	14.5	15.4
US Bancorp	453	14.5	12.2
Caesars World	454	14.5	16.3
GTE	455	14.4	14.2
Long Island Lighting	455	14.4	16.8
Northeast Utilities	455	14.4	18.9
General Signal	458	14.4	11.5
First Interstate	459	14.4	13.1
Grumman	459	14.4	14.9
Central Hudson G&E	461	14.4	15.9
Cooper Industries	462	14.4	9.6
Kaneb Services	462	14.4	3.2
Johnson Controls	464	14.4	14.7
Laclede Gas	464	14.4	18.0
Consolidated Edison	466	14.4	14.2
Gelco	466	14.4	10.8
American General	468	14.3	13.2
Bairnco	469	14.3	15.2
Staley Continental	470	14.3	0.8
Digital Equipment	471	14.3	8.5
NY State E&G	471	14.3	14.6
Southern Company	473	14.3	17.3
Duke Power	474	14.3	13.7
DWG	474	14.3	def
Huntington Bcshs	474	14.3	16.1
Maryland National	474	14.3	16.9
Irving Bank	478	14.2	12.7
Niagara Mohawk Power	478	14.2	14.2
AZP Group	480	14.2	14.7
Fleetwood Enterprises	481	14.2	21.0
KeyCorp	482	14.2	17.1
Parker-Hannifin	482	14.2	14.7
Potomac Electric	484	14.1	17.4
Gulf States Utilities	485	14.1	14.2
Business Men's Assur	486	14.1	13.2
Public Service NH	486	14.1	11.2
Southeast Banking	486	14.1	11.7
Capital Holding	489	14.1	13.1
Rochester G&E	489	14.1	16.7
Iowa Resources	491	14.0	10.9
USG	491	14.0	24.6
McKesson	493	14.0	12.5
Gearhart Industries	494	14.0	2.0
Provident Life & Acc	494	14.0	13.6
Squibb	494	14.0%	16.2%
Torchmark	494	14.0	19.4
Stanley Works	498	14.0	16.6
Nash Finch	499	13.9	12.0
Pacific G&E	500	13.9	15.8
Ethyl	501	13.9	14.7
General Instrument	501	13.9	def
GEO International	501	13.9	def
CNA Financial	504	13.8	9.8
Pacific Lighting	505	13.8	10.2
WR Grace	506	13.8	7.1
Coachmen Industries	507	13.8	7.1
Univar	507	13.8	10.7
First City Bancorp	509	13.8	3.9
PPG Industries	509	13.8	15.6
Manhattan Industries	511	13.8	def
Manufacturers Hanover	512	13.7	12.8
Orange & Rockland	512	13.7	13.2
Baltimore G&E	514	13.7	14.6
CBS	515	13.7	0.3
Rainier Bancorp	515	13.7	14.0
Smithfield Foods	517	13.7	15.8
Harcourt Brace	518	13.7	19.5
Commonwealth Ed	519	13.7	15.8
Hanover Insurance	520	13.7	3.0
Kidde	521	13.7	12.0
Wells Fargo	522	13.7	14.3
Sherwin-Williams	523	13.6	17.6
First Bank System	524	13.6	14.8
Oklahoma G&E	525	13.6	12.4
Munford	526	13.6	10.7
Ohio Casualty	527	13.6	6.4
Fairchild Industries	528	13.5	def
Norfolk Southern	529	13.5	10.9
National Fuel Gas	530	13.4	15.1
Borden	531	13.4	13.9
Colgate-Palmolive	531	13.4	4.2
So New England Tel	533	13.4	12.6
American Family	534	13.4	18.2
Bank of Virginia	534	13.4	18.3
Insilco	534	13.4	10.6
MidCon	534	13.4	def
MCA	538	13.4	9.5
Idle Wild Foods	539	13.3	12.7
Holiday	540	13.3	16.1
Ex-Cell-O	541	13.3	12.1
Intl Minerals & Chem	541	13.3	8.7
Marsh Supermarkets	543	13.3	11.5
Middle South Utils	543	13.3	14.1
Carpenter Technology	545	13.3	6.0
Public Service Ind	545	13.3	3.5
American Petrofina	547	13.2	6.4
Scana	547	13.2	14.6
Delmarva Power & Lt	549	13.2	15.4
Toledo Edison	549	13.2	19.7
Chase Manhattan	551	13.2	12.9
Wetterau	551	13.2	17.2
Hartmarx	553	13.2	13.8
K mart	554	13.2	12.4
Paccar	554	13.2	12.8
Super Food Services	554	13.2	16.8
Central Ill Pub Svc	557	13.2	11.4
MGM/UA Entertainment	558	13.2	def
Dayton Power & Lt	559	13.1%	12.8%
North Amer Philips	559	13.1	9.7
Borg-Warner	561	13.1	10.8
Houston Industries	561	13.1	17.2
George A Hormel	563	13.0	11.4
Safeway Stores	564	13.0	16.4
Rykoff-Sexton	565	13.0	14.8
West Point-Pepperell	566	13.0	6.2
Revlon	567	13.0	11.8
First Wisconsin	568	13.0	11.9
Ohio Edison	568	13.0	15.3
Honeywell	570	13.0	8.0
CilCorp	571	13.0	11.9
Carolina Power & Lt	572	12.9	15.1
Montana Power	573	12.9	9.8
Safeco	574	12.9	9.5
Transamerica	575	12.9	8.0
Mellon Bank	576	12.9	12.6
Jefferson-Pilot	577	12.9	15.8
Westvaco	578	12.8	11.1
Allied Stores	579	12.8	15.3
Columbia Gas System	579	12.8	def
Philadelphia Electric	579	12.8	14.3
Sun Chemical	579	12.8	10.7
Burlington Northern	583	12.8	13.4
Farm House Foods	583	12.8	9.8
McDonnell Douglas	583	12.8	14.6
Chubb	586	12.8	7.3
Ogden	586	12.8	8.4
Coastal Corp	588	12.8	15.8
Fluor	588	12.8	def
Riggs National	588	12.8	13.2
Magic Chef	591	12.7	19.8
National City	591	12.7	16.5
Allied-Signal	593	12.7	14.0
Cincinnati G&E	594	12.7	14.2
First Security	594	12.7	5.2
Stone Container	594	12.7	3.7
FPL Group	597	12.7	16.3
Public Service Colo	597	12.7	12.7
Atlantic City Electric	599	12.7	11.7
JC Penney	599	12.7	10.1
Warner-Lambert	601	12.6	16.7
Gt Northern Nekoosa	602	12.6	6.1
Yellow Freight System	602	12.6	19.6
Louisville G&E	604	12.6	14.0
Federal Co	605	12.6	15.6
Boston Edison	606	12.6	14.8
Florida Progress	607	12.5	17.3
Shawmut	608	12.5	15.4
USF&G	609	12.5	def
Strawbridge	610	12.5	16.0
Economics Lab	611	12.4	18.4
Public Service E&G	612	12.4	14.0
JWT Group	613	12.4	14.0
Centex	614	12.4††	14.3
Penn P&L	615	12.3	11.1
Seaway Food Town	615	12.3	11.3
Greyhound	617	12.3	10.3
Washington Gas Light	618	12.3	14.5
Colt Industries	619	12.3	39.8
Gordon Jewelry	620	12.3	3.3
EI du Pont	621	12.2	7.6

def: Deficit. ††Three-year average.

Who's where in profitability

		Return on equity	
Company	rank	5-year average	latest 12 months
Xerox	622	12.2%	4.3%
Echlin	623	12.1	17.5
Harsco	624	12.1	14.2
Travelers	625	12.1	7.9
Hercules	626	12.1	11.0
Utah Power & Light	627	12.0	10.5
Central Maine Power	628	12.0	0.4
Datapoint	628	12.0	def
DeSoto	628	12.0	12.7
Household Intl	631	12.0	13.6
Pacific Resources	631	12.0	11.7
Society	631	12.0	13.7
Joy Manufacturing	634	12.0	3.3
Quaker State Oil	635	12.0	10.2
Texaco	636	12.0	2.7
Duquesne Light	637	11.9	13.5
Arden Group	638	11.9	16.8
Becton, Dickinson	639	11.9	14.0
Union Pacific	639	11.9	10.8
Puget Sound P&L	641	11.8	13.2
Associated Dry Goods	642	11.8	12.2
Amerada Hess	643	11.7	3.9
Florida Natl Banks	643	11.7	30.1
Tribune	645	11.7	14.4
American District	646	11.7	6.5
American Cyanamid	647	11.7	10.2
Natl Semiconductor	648	11.7	def
Texas Instruments	649	11.6	def
Macmillan	650	11.6	20.3
American Electric	651	11.6	12.3
Commercial Metals	651	11.6	7.3
Data General	651	11.6	3.8
Norton	654	11.6	8.4
Kemper	655	11.5	5.9
Detroit Edison	656	11.5	13.6
Perini	657	11.4	def
Cummins Engine	658	11.4	11.2
Earle M Jorgensen	659	11.4	4.8
Crown Cork & Seal	660	11.3	14.4
NBD Bancorp	661	11.3	12.9
Dow Chemical	662	11.3	8.6
InterFirst	662	11.3	5.3
Robertshaw Controls	662	11.3	17.2
Cincinnati Milacron	665	11.3	def
Central Steel & Wire	666	11.3	10.8
Thorn Apple Valley	666	11.3	def
Kentucky Utilities	668	11.2	12.6
National Gypsum	669	11.2	22.1
Kerr-McGee	670	11.2	4.3
Hammermill Paper	671	11.1	8.5
Liquid Air	672	11.1	10.8
Roper Corp	672	11.1	def
Dana	674	11.0	15.1
Dominion Resources	674	11.0	12.6
Norwest	676	11.0	9.5
Comerica	677	11.0	11.1
Bell & Howell	678	11.0	15.1
Cluett, Peabody	679	10.9	7.3
M Lowenstein	680	10.9	11.4
Santa Fe Southern	681	10.9	7.6
Best Products	682	10.9	1.5
Lincoln National	683	10.9	11.1
Interco	684	10.9	5.9
Carson Pirie Scott	685	10.8%	13.4%
Parker Drilling	686	10.8	def
USLife	687	10.8	2.0
Varian Associates	688	10.8	6.1
Life Investors	689	10.8	10.7
Wicor	690	10.8	12.0
CSX	691	10.8	8.3
Rollins	692	10.8†	53.4
American Natl Ins	693	10.7	7.3
Esselte Business Sys	694	10.7	13.2
Monarch Capital	695	10.7	10.0
Bemis	696	10.7	12.3
Eastern Gas & Fuel	697	10.6	def
ITT	698	10.6	6.9
BankAmerica	699	10.6	def
Sears, Roebuck	700	10.6	10.7
Bearings	701	10.6	7.8
Tidewater	702	10.6	def
Monsanto	703	10.5	8.0
Dresser Industries	704	10.5	4.7
FMC	705	10.5	5.5
Alcan Aluminium	706	10.5	def
Atlanta Gas Light	707	10.5	11.7
Ceco Industries	708	10.4	8.8
Penn Traffic	709	10.4	8.8
Goodyear	710	10.4	13.6
Transway Intl	710	10.4	12.6
AmeriTrust	712	10.3	11.4
Hawaiian Electric	713	10.3	11.6
Williams Cos	714	10.2	3.6
Phillips-Van Heusen	715	10.2	9.3
Centerre Bancorp	716	10.1	8.6
Scott Paper	717	10.1	13.0
Ferro	718	10.1	6.8
Consumers Power	719	10.0	1.8
Marine Midland Banks	720	9.9	8.9
Ponderosa	721	9.9	0.7
Alexander & Alexander	722	9.8	def
Athlone Industries	723	9.8	def
Morse Shoe	723	9.8	6.2
Aetna Life & Cas	725	9.8	6.9
Outboard Marine	726	9.8	8.0
Ryan Homes	726	9.8	15.5
Gates Learjet	728	9.7	def
Corning Glass Works	729	9.7	8.5
RLC	729	9.7††	5.6
Martin Marietta	731	9.7	37.8
Manufacturers Natl	732	9.7	14.2
Celanese	733	9.6	16.0
Amsted Industries	734	9.6	7.9
Cameron Iron Works	735	9.5	2.8
NL Industries	736	9.4	def
Sperry	737	9.4	1.1
Carter Hawley Hale	738	9.4	7.3
UGI	739	9.3	7.3
Colonial Penn Group	740	9.3	13.5
Heck's	741	9.3	def
Gulf & Western Inds	742	9.3	12.6
Armstrong World Inds	743	9.2	15.2
Diamond Shamrock	744	9.2	def
Arkansas Best	745	9.2	18.3
Bally Manufacturing	746	9.1	def
Godfrey	746	9.1	11.9
General Motors	748	9.1%	14.4%
Willamette Inds	748	9.1	15.4
Arrow Electronics	750	9.1	def
California First Bank	751	9.0	9.3
Arvin Industries	752	9.0	16.0
Newmont Mining	752	9.0	1.8
Kay	754	8.9	16.0
Northern Trust	754	8.9	7.0
Anderson, Clayton	756	8.9	2.5
Owens-Corning	757	8.9	14.3
Union Carbide	757	8.9	def
Eagle-Picher Inds	759	8.9	10.8
Springs Industries	760	8.8	3.5
Textron	760	8.8	14.7
Penn Central	762	8.8	7.5
Zale	762	8.8	6.0
DeKalb AgResearch	764	8.8	5.3
SCM	765	8.7	8.2
Hughes Tool	766	8.7	1.5
RCA	766	8.7	16.9
No Indiana Pub Svc	768	8.7	6.8
Southern Union	769	8.7	def
Foxboro	770	8.7	0.0
Moore McCormack	770	8.7	4.9
Olin	770	8.7	def
Control Data	773	8.7	def
Mead	774	8.6	10.7
IC Industries	775	8.6	7.9
Pennwalt	775	8.6	def
International Paper	777	8.6	def
Resorts Intl	778	8.6	def
Washington National	779	8.6	2.1
Owens-Illinois	780	8.6	10.8
Black & Decker	781	8.5	def
Reichhold Chemicals	782	8.5	7.8
Berkshire Hathaway	783	8.4	7.0
Walt Disney	783	8.4	15.0
American Maize	785	8.4	1.0
Dorsey	786	8.4	11.3
Alcoa	787	8.4	2.7
Hoover	788	8.3	17.1
Kellwood	789	8.2	17.8
National Distillers	790	8.2	4.8
First Chicago	791	8.1	8.0
Pueblo International	792	8.1	6.9
Zenith Electronics	793	8.0	0.1
Delta Air Lines	794	8.0	19.6
Eaton	795	8.0	20.1
McDermott Intl	796	7.9	def
Primark	796	7.9	12.7
Gould	798	7.9	def
Adolph Coors	799	7.8	5.2
Amdahl	800	7.8	7.4
Armstrong Rubber	801	7.7	7.0
Champion Spark Plug	801	7.7	6.1
St Paul Cos	801	7.7	def
Avondale Mills	804	7.7	def
Interlake	805	7.7	9.1
Parker Pen	805	7.7	10.3
PSA	807	7.6	8.0
Sheller-Globe	807	7.6	18.1
Jim Walter	809	7.6	13.6
Fisher Foods	810	7.5	0.4

def: Deficit. †Four-year average ††Three-year average

Who's where in profitability

		Return on equity	
Company	rank	5-year average	latest 12 months
Northwestern Natl Life	811	7.4%	4.5%
Easco	812	7.3	def
Research-Cottrell	813	7.3	def
Potlatch	814	7.3	6.9
Smith International	815	7.3	def
Weyerhaeuser	816	7.2	4.6
Burroughs	817	7.1	9.9
Burlington Inds	818	7.1	1.1
Equitable of Iowa	819	7.0	4.3
Fieldcrest Mills	819	7.0	2.5
Lone Star Industries	821	6.9	14.9
Singer	822	6.9	19.3
Barnes Group	823	6.8	8.1
Stewart-Warner	824	6.8	5.4
Pacific Gamble	825	6.7	2.3
Cigna	826	6.6††	3.1
Libbey-Owens-Ford	827	6.6	14.1
Ford Motor	828	6.6	25.5
Stewart & Stevenson	829	6.5	3.7
Frontier Holdings	830	6.4	19.7
Timken	831	6.4	1.2
Ingersoll-Rand	832	6.3	7.0
Rexnord	833	6.3	8.0
Georgia-Pacific	834	6.3	1.2
Cessna Aircraft	835	6.2	6.3
Gifford-Hill	835	6.2	0.1
Shopwell	837	6.2	def
Ampco-Pittsburgh	838	6.1	3.9
Michigan National	838	6.1	8.2
Continental Corp	840	6.1	5.2
Deere	841	6.1	2.0
Boise Cascade	842	6.0	3.8
Skyline	843	6.0	7.4
Cyclops	844	5.9	13.1
Ashland Oil	845	5.9	13.4
Longview Fibre	846	5.8	7.9
Minstar	847	5.8	13.5
Genesco	848	5.6	def
Del E Webb	849	5.5	13.0
White Consolidated	850	5.5	def
Dayco	851	5.4	8.4
US Home	851	5.4	def
Butler Manufacturing	853	5.3	5.5
Brockway Inc (NY)	854	5.3	7.9
Allen Group	855	5.3	13.3
GenCorp	856	5.0	4.2
DiGiorgio	857	5.0	0.9
Nicor	858	4.9	def
UAL	859	4.8	def
Kaufman & Broad	860	4.7	14.5
Reynolds Metals	861	4.7	def
Polaroid	862	4.7	2.3
Fruehauf	863	4.6	13.8
Beneficial Corp	864	4.4	9.0
Champion Intl	865	4.3	def
Allegheny Intl	866	4.1	def
GATX	867	4.1	def
Louisiana-Pacific	867	4.1	2.8
Nashua	869	4.0	11.9
Copperweld	870	3.7	def
General Public Utils	870	3.7	7.6
NWA	872	3.6	7.9
Mohasco	873	3.6	8.1
American Can	874	3.5	9.6
FW Woolworth	875	3.5	14.5
People Express	876	3.5%††	def
BF Goodrich	877	3.4	def
AMR	878	3.4	19.4%
Crown Zellerbach	878	3.4	def
Firestone	880	3.3	4.7
Koppers	881	3.1	def
Anchor Hocking	882	3.0	def
Amfac	883	2.9	def
Crown Central Pet	884	2.7	7.7
Kaiser Alum & Chem	885	2.4	def
Gt Western Financial	886	2.3	15.7
LTV	887	2.3	def
HF Ahmanson	888	2.3	17.6
JP Stevens	889	2.3	def
Storer Communications	890	2.0	def
Crane	891	1.9	14.6
CertainTeed	892	1.8	13.0
Manville	893	1.8	def
United States Steel	894	1.7	2.5
Caterpillar Tractor	895	1.6	def
Midland-Ross	896	1.5	def
Alexander's	897	1.4	7.4
Lukens	898	1.2	3.9
Ideal Basic Inds	899	1.1	def
Foodarama Supermkts	900	1.1	14.2
Western Union	901	0.7	def
Sybron	902	0.6	6.7
Chicago Pneumatic	903	0.5	6.0
National-Standard	904	0.5	1.2
United Brands	905	0.4	10.4
Becor Western	906	def	1.3
Pittston	907	def	def
Lafarge	908	def	0.3
Dravo	909	def	def
Clark Equipment	910	def	def
Mack Trucks	911	def	def
Gibraltar Financial	912	def	18.3
Northwestern Steel	913	def	def
American Bakeries	914	def	12.2
Southwest Forest Inds	915	def	def
Kerr Glass Mfg	916	def	def
Asarco	917	def	def
Ramada Inns	918	def	3.9
Mission Insurance	919	def	def
Talley Industries	920	def	11.0
Inland Steel	921	def	def
Westmoreland Coal	922	def	def
Chromalloy American	923	def	def
Continental Illinois	924	def	22.8
AO Smith	925	def	def
Fedl Natl Mortgage	926	def	def
Toro	927	def	18.7
AMAX	928	def	def
Borman's	929	def	7.5
Phelps Dodge	930	def	def
Warner Communications	931	def	def
Revere Copper	932	def	65.8
American Hoist	933	def	def
Great A&P Tea	934	def	10.0
Storage Technology	935	def	def
Inspiration Resources	936	def	def
National Intergroup	937	def	def
Harnischfeger	938	def	3.1
GAF	939	def	25.1
Armco	940	def	def
General Refractories	941	def	11.4%
Wheeling-Pittsburgh	942	def	def
Imperial Corp of Am	943	def††	1.9
Inco	944	def	3.5
Evans Products	945	def	def
AH Robins	946	def	def
Tosco	947	def†	def
First Pennsylvania	948	def	def
Interstate Bakeries	949	def	7.2
Bethlehem Steel	950	def	def
Bird	951	def	def
Wilson Foods	952	def	def
United Merchants	953	def	def
Pan Am	954	def	def
Charter	955	def	def
Mattel	956	def†	77.1
Eastern Air Lines	957	def	35.9
Allis-Chalmers	958	def	def
Oak Industries	959	def	def
Tiger International	960	def	def
NVF	961	def	def
Savin	962	def	def
American Motors	963	def	def
Western Air Lines	964	def	45.7
Intl Harvester	965	def†	def
Cook United	966	def	def
Republic Airlines	967	def†	553.6
Texas Air	968	def†	NE
AM International	969	def††	NE
Wickes Cos	970	def††	25.9
Massey-Ferguson	971	def††	def
Allied Supermarkets	972	NE	1.6
Chrysler	972	NE	59.2
Pantry Pride	972	NE	def
American Info Tech		NA	14.6
American President		NA	12.0
American Tel & Tel		NA	10.5
Bear Stearns Cos		NA	NA
Bell Atlantic		NA	14.2
BellSouth		NA	15.3
CalFed		NA	15.7
Carteret S&L		NA	16.3
CrossLand Savings		NA	NA
Cyprus Minerals		NA	def
Fireman's Fund		NA	def
First Federal Mich		NA	21.2
Florida Federal S&L		NA	def
Foxmeyer		NA	9.5
Glendale Federal S&L		NA	8.3
Gt Am First Savings		NA	10.0
Home Federal S&L		NA	9.6
Home Group		NA	NA
Masco Industries		NA	20.8
Nynex		NA	13.7
Pacific Telesis		NA	14.2
PSFS		NA	3.3
Sea-Land		NA	5.1
Southwestern Bell		NA	14.2
Stater Bros		NA	74.7
SunTrust Banks		NA	17.5
Temple-Inland		NA	11.2
Trans World Airlines		NA	def
US West		NA	14.3
Winn Enterprises		NA	def

def: Deficit. NA: Not available. NE: Negative equity. † Four-year average. ††Three-year average.

WHO'S WHERE IN THE INDUSTRY GROUPS

Last year was a good year for the market but not for corporate profitability. On average, the companies in this issue failed to match their five-year return on equity.

THE STOCK MARKET ENDED 1985 at its highest level in history, but it wasn't all that good a year for U.S. industry. For the 12 months through Sept. 30, the companies covered here averaged a return on equity of 12.7%, significantly below their five-year median of 13.7%. Earnings per share for the group gave up some of the ground gained the year before, dropping 6%, compared with a nearly 16% gain in 1984.

So why was the stock market so strong? Investors seemed to be looking beyond these alarming results to a better, low-inflation future. Earnings, no longer pumped up by double-digit inflation, are more solid than in the past, and, with costs under control, most businesses can look forward to a somewhat better 1986. Few economists see a recession before 1987 *(see p. 33).*

Despite the trend toward lower returns, 33 of the 93 industry subgroups exceeded their five-year profitability during the last 12 months. Thrift institutions made the biggest gains, jumping from their five-year average of 8.6% to a 15.7% return on equity for the past 12 months. The thrifts are recovering from the squeeze of high short-term interest rates. Significant increases were also registered by the appliance industry, toys and electronics, and financial companies.

Over the past 12 months the biggest loser was the oilfield services group, which fell from a five-year average return of 14.4% to only 1.4% for the latest 12-month period. Nothing better illustrates the fickleness of financial fortune than this sad comedown. Only a few years ago oilfield service companies were the darlings of Wall Street, highly profitable, growing fast and much coveted by investors. Sic transit gloria mundi.

Industry medians

Yardsticks of management performance

	Profitability					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Beverages and tobacco	**1**	**21.5%**	**18.5%**	**29.2%**	**6.6%**	**14**	**7.8%**	**7.0%**	**2**	**12.3%**	**2.7%**
Alcoholic beverages		17.4	14.3	29.4	5.0		12.1	8.8		14.2	–4.9
Soft drinks		25.1	26.5	55.7	7.8		8.1	3.0		14.7	42.3
Tobacco		21.6	18.5	24.9	6.5		5.1	8.2		11.4	1.9
Health	**2**	**18.9**	**16.7**	**29.0**	**7.7**	**13**	**8.3**	**6.2**	**5**	**9.3**	**9.2**
Drugs		18.9	17.0	14.4	9.6		6.9	5.0		8.2	9.2
Health care		17.2	14.1	29.0	7.2		8.3	4.5		3.7	1.8
Hospital management		20.8	18.9	159.9	7.5		33.8	18.7		28.4	17.1
Communications media	**3**	**18.4**	**18.9**	**23.2**	**7.3**	**3**	**12.5**	**11.1**	**1**	**13.0**	**7.2**
Publishing		18.9	19.8	15.9	8.3		12.0	11.2		16.6	14.0
Broadcasting		16.5	16.9	29.3	5.3		11.7	4.6		3.1	7.2
Media services		18.1	16.2	12.8	4.0		15.1	11.5		2.7	–34.9

P-D: Profit to deficit. def: Deficit. NM: Not meaningful.

Yardsticks of management performance

	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Financial services	**4**	**17.0%**	**10.5%**	**74.6%**	**2.1%**	**8**	**10.8%**	**10.3%**	**24**	**–7.1%**	**15.0%**
Financial companies		9.3	12.6	115.8	4.0		9.3	11.8		–18.5	1.2
Brokerage houses		24.0	9.0	57.6	2.5		25.8	21.4		–5.9	49.3
Commodity traders		10.3	9.6	65.8	0.9		–0.9	–17.4		–12.8	–22.2
Electrical equipment	**5**	**16.4**	**15.9**	**11.7**	**5.8**	**21**	**5.6**	**5.8**	**11**	**6.0**	**6.0**
Aerospace and defense	**6**	**16.0**	**13.5**	**26.0**	**4.0**	**16**	**6.9**	**5.7**	**16**	**0.3**	**3.8**
Food distributors	**7**	**15.9**	**14.8**	**63.1**	**1.3**	**10**	**9.4**	**8.3**	**6**	**9.0**	**13.2**
Wholesale and supply		13.6	15.5	68.1	1.1		12.9	11.1		11.0	9.5
Major supermarkets		19.2	17.1	61.3	1.3		11.2	8.7		8.1	27.5
Regional supermarkets		12.8	13.0	66.9	0.9		8.8	4.8		1.9	17.9
Convenience stores		17.1	14.3	113.9	1.5		17.7	10.6		14.3	2.5
Restaurant chains		19.5	16.5	33.9	4.4		11.7	9.6		10.5	12.2
Food processors	**8**	**15.8**	**14.2**	**36.5**	**3.0**	**15**	**7.1**	**6.8**	**13**	**4.3**	**6.6**
Food commodities		14.9	11.0	30.9	2.9		5.1	6.8		2.8	–12.1
Meatpacking		13.5	12.1	78.6	1.0		8.0	2.1		–12.6	–5.8
Branded foods		16.6	15.8	39.3	3.5		7.8	7.7		9.0	9.7
Industrial, office services	**8**	**15.8**	**17.6**	**28.4**	**4.9**	**12**	**8.5**	**9.8**	**6**	**9.0**	**10.9**
Industrial services		20.4	18.2	23.4	5.2		15.6	13.9		9.3	10.5
Office services		14.8	15.1	29.0	4.2		7.7	8.3		4.4	16.4
Telecommunications	**8**	**15.8**	**13.7**	**69.3**	**9.1**	**2**	**12.7**	**4.9**	**12**	**5.6**	**–5.7**
Carriers		14.7	14.2	78.9	10.0		11.8	6.3		5.2	0.1
Manufacturing		16.4	6.9	27.4	2.8		16.9	3.1		7.6	–9.7
Retailing	**11**	**15.6**	**14.2**	**43.2**	**2.6**	**7**	**11.2**	**7.7**	**3**	**11.0**	**0.3**
Apparel		18.3	14.2	36.6	3.4		13.8	12.2		12.4	1.2
Catalog showrooms		12.3	3.3	59.9	0.8		18.1	4.7		–2.7	–69.1
Department stores		12.7	13.4	61.3	2.9		10.8	6.8		13.3	9.3
Discount and variety		15.6	14.2	49.6	2.6		11.2	9.5		10.5	–0.7
Drugs		19.8	18.0	20.9	2.6		13.9	11.0		19.0	9.0
Jewelry		10.6	11.0	32.1	2.2		3.6	0.6		–2.7	–11.0
Shoes		12.7	7.8	25.3	2.4		5.9	–2.2		–2.7	–44.5
Miscellaneous		16.2	17.8	62.8	3.3		13.0	6.7		21.8	–2.6
Banks and thrifts	**12**	**14.7**	**15.4**	**33.3**	**6.6**	**1**	**16.3**	**10.5**	**9**	**6.4**	**16.4**
Multinational banks		14.2	16.0	47.9	5.3		8.9	4.3		3.4	21.5
Northeast banks		15.4	16.0	29.9	8.6		19.7	10.3		10.1	14.7
Mid-Atlantic banks		14.8	17.6	36.4	8.7		14.3	13.7		13.5	17.4
Midwest banks		11.7	12.9	22.1	6.9		11.7	7.8		4.3	22.6
Southeast banks		16.4	18.6	27.3	9.2		20.0	13.5		17.1	17.8
Southwest banks		16.5	10.8	30.3	6.2		19.4	3.6		6.0	–18.0
Western banks		14.1	13.6	57.0	5.9		10.9	5.8		1.2	15.9
Thrift institutions		8.6	15.7	44.9	4.1		23.9	20.6		NM	34.9
Oil	**12**	**14.7**	**4.8**	**47.3**	**1.8**	**23**	**5.5**	**–3.3**	**27**	**–16.2**	**–42.7**
International oils		16.1	8.3	81.6	2.7		2.3	–2.5		–7.0	–37.5
Other oil and gas		13.9	7.6	45.5	2.4		6.1	–7.1		–13.2	–27.6
Oilfield services		14.4	1.4	56.6	0.9		3.5	2.9		NM	–91.6
Computers & electronics	**14**	**14.3**	**8.5**	**22.7**	**2.9**	**5**	**11.9**	**4.3**	**17**	**–1.0**	**–26.3**
Computers		14.5	8.0	29.6	2.9		17.0	6.2		5.9	–24.6
Electronic equipment		13.7	10.7	19.4	3.9		9.7	3.7		–1.4	–17.9
Semiconductors		15.3	2.9	17.6	2.5		14.4	–5.3		3.1	–82.3
Natural gas	**15**	**14.2**	**12.7**	**78.8**	**5.4**	**4**	**12.0**	**–3.7**	**9**	**6.4**	**–12.3**
Producers & pipeliners		16.5	7.2	76.1	3.0		11.6	–5.0		–3.0	–38.8
Distributors		13.7	14.1	82.5	7.6		12.0	–2.5		8.2	–6.2
Integrated		15.0	10.9	74.2	3.8		11.1	–8.0		1.1	–17.9
Electric utilities	**16**	**13.7**	**14.6**	**92.8**	**12.1**	**6**	**11.7**	**2.0**	**8**	**7.8**	**–2.5**
Northeast		14.1	14.5	92.1	12.8		12.5	0.6		7.0	–1.8
Midwest		13.7	14.2	92.8	10.8		11.0	–0.5		7.9	–5.1
Southeast		13.2	14.6	99.0	12.3		11.3	4.7		7.8	1.4
Southwest		14.2	15.5	93.0	13.9		14.6	4.4		8.3	0.9
Western		13.4	13.1	87.6	12.2		13.4	9.9		9.0	–3.4

P-D: Profit to deficit. def: Deficit. NM: Not meaningful.

Industry medians

Yardsticks of management performance

	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Leisure and recreation	**17**	**13.4%**	**11.5%**	**90.8%**	**4.6%**	**17**	**6.3%**	**2.1%**	**25**	**–8.0%**	**5.6%**
Entertainment		11.3	4.9	90.7	3.1		7.6	–2.7		–14.3	–52.7
Hotels and gaming		13.9	14.6	117.5	4.6		6.9	2.4		–9.0	31.0
Recreation		20.7	17.9	24.8	3.7		2.3	5.0		46.2	–8.5
Photography		10.3	6.4	9.7	4.3		1.1	–0.7		–8.0	–27.2
Toys and electronics		18.0	29.1	137.5	6.2		37.5	43.7		NM	42.3
Consumer products	**18**	**13.1**	**14.1**	**28.5**	**4.8**	**21**	**5.6**	**3.4**	**14**	**1.5**	**–2.6**
Appliances		9.0	16.0	37.6	3.9		5.5	6.9		NM	–3.7
Home furnishings		8.8	6.2	27.9	2.3		2.3	–0.6		–4.8	–49.1
Household products		19.1	18.4	8.6	8.2		6.6	3.9		9.4	6.9
Personal products		19.2	14.2	28.1	6.8		7.4	3.9		1.3	–0.6
Insurance	**19**	**12.9**	**10.0**	**12.6**	**3.8**	**11**	**8.8**	**13.6**	**20**	**–3.5**	**3.3**
Brokers		16.4	5.6	41.0	3.2		12.1	36.4		–7.2	102.4
Diversified		13.4	9.9	13.8	3.9		9.9	15.5		–3.5	4.9
Life and health		11.9	11.9	10.8	4.8		13.2	13.5		7.3	9.9
Property and casualty		12.7	6.4	15.4	2.8		6.7	8.0		–14.9	–19.9
Chemicals	**20**	**12.8**	**10.5**	**34.5**	**3.9**	**29**	**2.9**	**–1.6**	**22**	**–4.4**	**–20.3**
Diversified		11.3	8.6	30.8	3.9		2.3	–3.4		–0.9	–29.7
Specialized		15.4	10.8	37.1	3.9		4.5	–0.6		–6.9	–6.7
Diversified companies	**21**	**12.7**	**10.8**	**44.2**	**3.3**	**28**	**3.5**	**0.5**	**23**	**–5.1**	**–7.1**
Multicompanies		10.5	10.8	31.8	3.4		3.7	0.8		–5.1	–6.1
Conglomerates		14.3	10.2	71.1	3.2		3.5	–0.7		–4.6	–7.9
Surface transportation	**22**	**12.5**	**10.9**	**51.3**	**3.6**	**26**	**4.3**	**6.4**	**21**	**–3.9**	**–6.3**
Railroads		11.9	8.3	44.6	5.6		2.3	1.7		–3.9	2.8
Truckers		12.6	13.5	67.5	2.6		5.1	8.7		–7.5	–11.0
Other surface		13.9	7.7	52.8	3.6		5.6	14.2		7.7	–45.3
Paper	**23**	**11.9**	**9.8**	**54.7**	**3.7**	**20**	**5.9**	**2.9**	**18**	**–1.7**	**–22.5**
Packaging	**24**	**11.3**	**11.0**	**39.5**	**4.0**	**19**	**6.1**	**1.6**	**19**	**–2.8**	**–4.8**
Construction	**25**	**11.2**	**10.8**	**31.7**	**3.1**	**27**	**3.7**	**3.1**	**26**	**–8.4**	**–7.6**
Residential builders		7.9	14.1	18.6	3.6		3.4	–12.5		0.4	6.0
Commercial builders		16.0	6.1	27.7	1.1		5.7	5.9		–7.0	–58.6
Cement and gypsum		6.6	2.6	76.7	2.1		0.5	4.0		–34.0	–1.6
Lumber		6.2	3.3	58.4	1.7		4.3	–0.9		–25.7	–53.5
Other materials		11.6	13.6	31.7	4.5		2.9	4.1		–2.8	–0.2
Apparel, shoes & textiles	**26**	**10.9**	**6.2**	**36.6**	**2.1**	**25**	**4.8**	**–6.1**	**4**	**10.6**	**–49.1**
Apparel		13.2	7.3	37.4	2.3		6.5	3.5		14.3	–42.7
Shoes		18.7	8.7	13.9	2.4		10.3	–0.6		10.1	–27.8
Textiles		9.2	2.3	37.7	1.1		2.2	–7.1		6.4	–71.3
Automotive	**27**	**9.8**	**13.6**	**26.0**	**4.0**	**24**	**4.9**	**1.6**	**15**	**0.7**	**–11.4**
Automobiles and trucks		4.6	13.8	21.5	3.9		4.2	1.5		NM	–18.9
Automotive parts		12.2	14.0	30.6	4.4		5.2	3.1		1.4	2.0
Recreational vehicles		13.8	7.4	4.2	2.8		15.3	–14.6		98.0	–16.4
Tire and rubber		6.4	5.9	24.3	1.8		3.2	–3.5		8.9	–37.2
Heavy equipment	**28**	**8.9**	**8.2**	**29.3**	**2.9**	**30**	**–0.4**	**3.1**	**28**	**–19.6**	**–13.6**
Agricultural		def	2.0	262.9	0.6		–10.1	–5.7		–34.4	–64.6
Building and mining		def	1.3	46.0	0.6		–6.8	10.6		NM	–53.9
Industrial		11.5	10.1	27.0	3.9		0.6	3.1		–13.6	–8.0
Air transport	**29**	**4.2**	**12.8**	**131.3**	**2.7**	**9**	**10.2**	**8.7**	29	**NM**	**–26.3**
Freight		18.3	def	52.9	def		9.0	1.5		0.8	P–D
Airlines		3.6	13.6	161.5	3.3		10.7	8.9		NM	–20.7
Metals	**30**	**3.1**	**0.6**	**54.9**	**0.4**	**31**	**–2.7**	**–5.4**	**29**	**NM**	**P–D**
Nonferrous metals		3.6	def	66.8	def		–1.7	–8.2		NM	P–D
Steel		3.0	1.2	42.7	0.7		–2.7	–2.1		NM	–86.0
Coal	**31**	**def**	**def**	**45.6**	**def**	17	**6.3**	**–5.6**	29	**NM**	**P–D**
All-industry medians		**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**

P-D: Profit to deficit. def: Deficit. NM: Not meaningful.

WHO'S WHERE IN THIS ISSUE

In the industry rankings FORBES rates a company against its peers in the same industry. On the following pages, we go broader and show the rank of each company—1,004 in all—against every other company in the survey, regardless of industry. There are three rankings for every firm: five-year profitability, five-year earnings growth and five-year stock market performance. In addition, the last column lists each company's industry survey page.

Companies with multiple lines of business appear in as many as three different industries or subindustries. Allied-Signal, for example, is included in the conglomerate subgroup of diversified companies, which begins on page 132, automotive parts, beginning on page 67, and diversified chemicals on page 83.

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	58	134	348	154, 154
Advanced Micro	61	40	307	116
Aetna Life & Cas	725	765	592	170
HF Ahmanson	888	**	401	72
Air Prods & Chems	377	491	595	83
Albertson's	109	173	166	150
Alcan Aluminium	706	763	807	176
Alco Standard	296	502	370	154, 196
Alexander & Alexander	722	**	753	170
Alexander & Baldwin	385	362	285	208
Alexander's	897	**	344	200
Allegheny Beverage	83	**	38	150
Allegheny International	866	**	870	128, 132
Allegheny Power	440	277	303	136
Allen Group	855	**	550	67
Allied Bancshares	55	103	630	72
Allied-Signal	593	**	650	67, 83, 132
Allied Stores	579	291	183	200
Allied Supermarkets	972	**	141	150, 150
Allis-Chalmers	958	**	943	160
Alltel	452	431	475	210
Alcoa	787	**	678	176
AM International	969	**	915	116
AMAX	928	**	920	109, 176
Amdahl	800	318	820	116
Amerada Hess	643	736	847	186
American Bakeries	914	**	421	144
American Brands	127	498	568	80, 132
Amer Broadcasting	310	472	79	111
American Can	874	**	373	192
American Continental	40	16	8	72
American Cyanamid	647	490	491	83, 154
American District	646	592	392	116
American Electric	651	507	621	136
American Express	246	503	280	142, 170
American Family	534	384	21	170
American General	468	509	233	170
American Greetings	270	94	51	111
American Hoist	933	**	898	128, 160
American Home Prods	19	232	364	128, 154
American Hospital	278	211	560	154
American Info Tech	**	**	**	210
American Intl Group	210	382	268	170
American Maize	785	624	771	144
American Medical	145	142	773	154
American Motors	963	**	830	67
American Natl Ins	693	395	227	170
American Petrofina	547	703	777	186
American President	**	**	**	208
American Standard	434	720	736	122, 122, 208
American Stores	51	47	13	150, 200
American Tel & Tel	**	**	**	210
AmeriTrust	712	483	299	72
Ames Dept Stores	87	82	9	200
Ametek	144	213	548	160
Amfac	883	**	781	132
Amoco	177	369	796	186
AMP	82	315	418	116
Ampco-Pittsburgh	838	**	869	160, 176
AMR	878	**	77	62
Amsted Industries	734	**	716	122, 160, 208
Anchor Hocking	882	**	599	128, 192
Anderson, Clayton	756	652	310	144, 144

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Anheuser-Busch Cos	161	121	107	80
Anixter Bros	209	552	705	210
Apple Computer	2	13	878	116
Archer-Daniels	419	485	659	144
Arden Group	638	131	16	150
Arkansas Best	745	**	153	208
Arkla	234	556	723	180
Armco	940	**	929	176
Armstrong Rubber	801	344	212	67
Armstrong World Inds	743	417	204	122
Arrow Electronics	750	**	822	116
Arvin Industries	752	219	174	67, 128
Asarco	917	**	899	176
Ashland Oil	845	**	775	186
Associated Dry Goods	642	201	157	200, 200
Athlone Industries	723	**	766	176
Atlanta Gas Light	707	377	298	180
Atlantic City Electric	599	413	482	136
Atlantic Richfield	254	680	731	186
Automatic Data	190	188	327	166
Avery International	300	198	189	192
Avnet	301	474	594	116
Avon Products	192	700	808	128
Avondale Mills	804	73	385	64
AZP Group	480	460	579	136
Bairnco	469	51	135	116, 122
Baker International	315	**	908	186
Ball Corp	306	236	82	192
Bally Manufacturing	746	**	841	174, 174
Baltimore G&E	514	274	277	136, 180
Banc One	222	220	185	72
Bank of Boston	370	232	312	72
Bank of New England	392	290	**	72
Bank of New York	385	205	247	72
Bank of Virginia	534	113	63	72
BankAmerica	699	718	891	72
Bankers Trust NY	231	259	325	72
Barnes Group	823	**	658	67
Barnett Banks Fla	258	146	200	72
Bausch & Lomb	430	528	743	154
Baxter Travenol Labs	380	695	722	154
BayBanks	411	349	140	72
Bear Stearns Cos	**	**	**	142
Bearings	701	675	608	160
Beatrice	360	451	295	144
Becor Western	906	**	872	58, 160
Becton, Dickinson	639	610	687	154
Bell & Howell	678	**	330	166
Bell Atlantic	**	**	**	210
BellSouth	**	**	**	210
Bemis	696	607	181	192
Beneficial Corp	864	**	388	142, 170, 200
Bergen Brunswig	203	133	293	154
Berkshire Hathaway	783	173	34	132, 170
Best Products	682	704	692	200
Bethlehem Steel	950	**	873	176
Beverly Enterprises	249	77	190	154
Big Bear	10	76	**	150
Big Three Industries	384	633	801	83, 186
Big V Supermarkets	235	681	124	150
Bindley Western Inds	44	81	**	154
Bird	951	**	867	122
Black & Decker	781	**	710	128

Profitability: 5-year return on equity **Growth:** 5-year annual earnings per share growth **Stock Market:** 5-year price change **Not ranked
Note: A repeated page number indicates that the company is listed in more than one subindustry

Where to find the company

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
John Blair & Co	230	526	256	111
Blount	153	92	572	122
Boeing	149	537	536	58
Boise Cascade	842	747	645	122, 192, 196
Borden	531	267	127	83, 144
Borg-Warner	561	395	372	67, 83, 132
Borman's	929	**	206	150
Boston Edison	606	465	440	136
Bowater	160	565	**	196
Briggs & Stratton	385	636	685	160
Bristol-Myers	84	185	258	128, 154, 154
Brockway Inc (NY)	854	766	394	192
Brooklyn Union Gas	377	379	419	180
Brown-Forman	94	161	582	80
Brown Group	285	321	167	64, 200
Browning-Ferris Inds	124	98	125	166
Bruno's	14	64	44	150
Brunswick	66	21	45	174
Burlington Inds	818	608	511	64, 128
Burlington Northern	583	365	376	180, 208
Burroughs	817	516	704	116
Business Men's Assur	486	339	447	170
Butler Manufacturing	853	**	711	122
Cabot	171	600	790	83, 186
Caesars World	454	**	721	174
CalFed	**	**	**	72
California First Bank	751	694	402	72
Cameron Iron Works	735	**	928	186
Campbell Soup	399	348	163	144
Capital Cities	111	143	131	111, 111
Capital Holding	489	341	211	170
Carlisle	77	400	833	122
Carolina Power & Lt	572	435	558	136
Carpenter Technology	545	684	791	176
Carson Pirie Scott	685	454	306	150, 200
Carter Hawley Hale	738	549	554	200, 200
Carteret S&L	**	**	**	72
Caterpillar Tractor	895	**	846	160
CBI Industries	287	664	919	122
CBS	515	592	288	111, 174
Ceco Industries	708	620	264	122
Celanese	733	**	270	64, 83
Centel	267	412	481	210
Centerre Bancorp	716	657	533	72
Centex	614	393	**	122, 122
Central & South West	370	350	399	136
Central Hudson G&E	461	402	555	136
Central Ill Pub Svc	557	422	479	136, 180
Central Maine Power	628	473	729	136
Central Steel & Wire	666	583	586	176
CertainTeed	892	**	368	122
Cessna Aircraft	835	**	684	58
Champion Intl	865	**	751	122, 196
Champion Spark Plug	801	692	749	67
Charter	955	**	941	186
Charter Medical	13	26	114	154
Chase Manhattan	551	542	636	72
Chemical New York	391	275	353	72
Chesebrough-Pond's	128	415	580	128
Chevron	327	637	819	186
Chicago Pneumatic	903	**	668	160
Chromalloy American	923	**	832	132, 160, 208
Chrysler	972	**	14	67

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Chubb	586	691	195	170
Church's Fried	102	530	380	150
Cigna	826	**	613	142, 170
CILCorp	571	399	395	136
Cincinnati Financial	180	262	113	170
Cincinnati G&E	594	500	654	136, 180
Cincinnati Milacron	665	**	859	160
Circle K	256	**	251	150
Circuit City Stores	52	27	5	200
Citicorp	399	253	453	72
Citizens & So Ga	279	101	331	72
CityFed Financial	425	**	97	72
Clark Equipment	910	**	813	160
Cleveland Electric	435	261	534	136
Clorox	206	163	73	128
Cluett, Peabody	679	185	95	64
CNA Financial	504	665	111	170
CNW	86	**	769	208
Coachmen Industries	507	5	101	67
Coastal Corp	588	**	669	180, 186
Coca-Cola	111	389	275	80
Coleco Industries	245	**	65	174
Colgate-Palmolive	531	622	381	128
Collins & Aikman	333	37	30	64
Colonial Penn Group	740	**	384	170
Colt Industries	619	**	221	67, 160
Columbia Gas System	579	596	765	180
Columbia S&L	8	**	72	72
Combined Intl	220	477	220	170
Combustion Eng	402	**	864	160
Comdisco	30	56	116	166
Comerica	677	477	340	72
Commercial Metals	651	693	539	142
Commonwealth Ed	519	216	555	136
Commonwealth Energy	338	188	417	136, 180
Computer Sciences	216	545	578	58
Computervision	45	148	923	116
ConAgra	108	282	230	144
Consolidated Edison	466	159	210	136
Consol Freightways	265	487	198	208
Consol Natural Gas	427	238	528	180
Consolidated Papers	257	463	196	196
Consumers Power	719	697	892	136, 180
Continental Corp	840	761	422	170
Continental Illinois	924	**	**	72
Continental Telecom	421	450	573	210
Control Data	773	724	885	116, 142
Cook United	966	**	932	200
Cooper Industries	462	722	825	134, 160
Cooper Tire & Rubber	103	80	241	67
Adolph Coors	799	597	690	80
Copperweld	870	**	874	176
CoreStates Financial	399	169	122	72
Corning Glass Works	729	677	414	128, 154
CPC International	305	580	518	144, 144
Crane	891	**	761	122
CrossLand Savings	**	**	**	72
Crown Central Pet	884	**	855	186
Crown Cork & Seal	660	589	218	192
Crown Zellerbach	878	**	802	196
CSX	691	568	508	180, 208
Culbro	74	276	24	80
Cullum Cos	169	417	346	150

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked.
Note: A repeated page number indicates that the company is listed in more than one subindustry.

Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Cummins Engine	658	78	321	67
Curtice-Burns	228	177	144	144
Cyclops	844	**	375	176
Cyprus Minerals	**	**	**	109
Dana	674	568	455	67
Dart & Kraft	415	411	231	144
Data General	651	635	644	116
Datapoint	628	734	**	116
Dayco	851	719	591	67, 160
Dayton-Hudson	296	322	105	200
Dayton Power & Lt	559	423	527	136, 180
Dean Foods	70	99	58	144
Deere	841	762	876	160
DeKalb AgResearch	764	701	886	144, 186
Delchamps	110	155	**	150
Delmarva Power & Lt	549	323	343	136
Delta Air Lines	794	**	656	62
Deluxe Check	36	118	169	111
Dennison Mfg	430	449	398	166, 192
DeSoto	628	202	229	122
Detroit Edison	656	459	601	136
Dexter	302	481	671	83
DiGiorgio	857	**	477	150
Diamond Shamrock	744	**	897	186
Dibrell Brothers	275	67	62	80
Digital Equipment	471	447	662	116
Dillard Dept Stores	225	35	4	200
Walt Disney	783	742	452	174
Diversified Energies	338	334	324	180
Dominion Resources	674	387	393	136
RR Donnelley	292	164	160	111
Dorsey	786	**	391	192, 208
Dover	72	338	674	122, 132
Dow Chemical	662	708	679	83
Dow Jones	25	102	226	111
Dravo	909	**	893	122, 122
Dresser Industries	704	764	907	186
EI du Pont	621	582	576	83, 186
Duke Power	474	391	472	136
Dun & Bradstreet	12	61	225	111, 111
Duquesne Light	637	425	627	136
DWG	474	497	842	64
Dynalectron	350	154	726	58, 122
E-Systems	165	54	291	58
Eagle-Picher Inds	759	603	617	67, 160
Easco	812	**	513	160, 176
Eastern Air Lines	957	**	806	62
Eastern Gas & Fuel	697	717	792	109, 180
Eastman Kodak	359	644	727	174
Eaton	795	**	367	67, 116
Echlin	623	156	437	67
Jack Eckerd	324	462	625	200
Economics Laboratory	611	**	486	128
Edison Bros Stores	379	586	**	200, 200, 200
EG&G	42	126	499	58, 116
Emerson Electric	140	360	400	128, 134
Emery Air Freight	60	524	714	62
Emhart	283	304	332	160
Engelhard	259	541	755	83, 176
Enserch	348	663	844	122, 180
Entex	122	315	649	180
Equifax	117	252	53	142
Equitable of Iowa	819	705	590	170, 200

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Equitable Resources	90	115	463	180
Esselte Business Sys	694	68	**	166
Ethyl	501	425	106	83
Evans Products	945	**	946	200
Ex-Cell-O	541	500	494	58, 67, 160
Exxon	176	480	640	186
Fairchild Industries	528	**	916	58
Farm House Foods	583	588	737	150
Farmers Group	259	329	261	170
Federal Co	605	248	491	144
Federal Express	38	53	300	62
Federal-Mogul	395	525	509	67
Fedl Natl Mortgage	926	**	379	142
Federal Paper Board	393	533	686	192, 196
Federated Dept Stores	447	346	292	200
Ferro	718	671	620	83
Fidelcor	390	15	74	72
Fieldcrest Mills	819	739	624	128
Figgie International	426	486	478	132
Finl Corp of America	123	**	552	72
Fireman's Fund	**	**	**	170
Firestone	880	32	454	67
First Atlanta	214	79	52	72
First Bank System	524	443	412	72
First Boston	49	52	30	142
First Chicago	791	601	544	72
First City Bancorp	509	689	896	72
First Executive	100	25	98	170
First Federal Mich	**	**	**	72
First Fidelity Bncp	365	257	170	72
First Interstate Bncp	459	505	600	72
First of America Bank	432	222	61	72
First Pennsylvania	948	**	585	72
First Security	594	667	672	72
First Tennessee Natl	443	277	164	72
First Union	271	190	128	72
First Wisconsin	568	453	255	72
Fischbach	450	631	786	122
Fisher Foods	810	**	520	150
Fleet Financial	242	178	117	72
Fleetwood Enterprises	481	2	49	67, 122
Fleming Cos	222	176	186	150
Florida Federal S&L	**	**	**	72
Florida Natl Banks	643	88	146	72
Florida Progress	607	358	347	136
Flowers Industries	201	179	47	144
Fluor	588	768	924	122
FMC	705	710	336	58, 83, 132
Food Lion	34	95	41	150
Foodarama Supermkts	900	767	101	150
Ford Motor	828	**	96	67
Fort Howard Paper	97	199	151	192, 196
LB Foster	31	**	921	186
Foster Wheeler	262	641	889	122, 160
Foxboro	770	760	857	160
FoxMeyer	**	71	**	154
FPL Group	597	410	436	136
Freeport-McMoRan	156	687	863	83, 186
Fremont General	152	**	529	170
Frontier Holdings	830	**	542	62
Fruehauf	863	**	616	67
Fuqua Industries	143	**	59	128, 132, 174
GAF	939	**	136	83, 122

Profitability: 5-year return on equity **Growth:** 5-year annual earnings-per-share growth **Stock Market:** 5-year price change **Not ranked
Note: A repeated page number indicates that the company is listed in more than one subindustry

	Rank			
Company	**Profitability**	**Growth**	**Stock market**	**Industry survey page**
Gannett	116	284	286	111
Gap	140	74	20	200
Gates Learjet	728	**	903	58
GATX	867	**	799	208
Gearhart Industries	494	733	937	186
Geico	20	279	42	170
Gelco	466	**	875	166
GenCorp	856	748	119	67
General Cinema	18	31	33	80, 174
General Dynamics	129	144	545	58
General Electric	157	282	366	128, 132, 134
General Host	198	11	48	200
General Instrument	501	**	883	116, 116, 116
General Mills	188	239	254	144, 150
General Motors	748	4	566	67
General Public Utils	870	153	172	136
General Re	272	647	126	170
General Refractories	941	**	728	160
General Signal	458	564	744	116, 134, 160
Genesco	848	**	871	64, 64, 200
Genuine Parts	185	375	462	67
GEO International	501	**	940	186
Georgia-Pacific	834	740	746	122, 196
Gerber Products	312	226	148	144
Giant Food	132	75	11	150
Gibraltar Financial	912	**	713	72
Gifford-Hill	835	758	665	122
Gillette	199	386	263	128
Glendale Federal S&L	**	**	**	72
Global Marine	311	**	947	186
Godfrey	746	674	474	150
Golden West Finl	295	**	219	72
BF Goodrich	877	**	634	67, 83
Goodyear	710	314	487	67
Gordon Jewelry	620	583	458	200, 200
Gould	798	752	664	58, 116, 116
WR Grace	506	655	843	83, 132, 200
WW Grainger	304	433	423	134
Gt Am First Savings	**	**	**	72
Great A&P Tea	934	**	132	150
Gt Northern Nekoosa	602	536	584	196
Gt Western Financial	886	**	546	72
Greyhound	617	611	345	208
Grumman	459	49	316	58
GTE	455	343	562	210
Gulf & Western Inds	742	**	215	132, 142, 174
Gulf States Utilities	485	436	712	136
Halliburton	319	628	914	122, 186
Hammermill Paper	671	576	444	196
Handy & Harman	357	672	862	176
Hannaford Bros	162	122	22	150
Hanover Insurance	520	698	142	170
Harcourt Brace	518	553	118	111
Harnischfeger	938	**	828	160, 160
Harris Corp	398	632	887	58, 116
Harsco	624	640	451	122, 160
Hartford National	309	328	228	72
Hartmarx	553	147	121	64, 200
Harvey Hubbell	273	372	272	134
Hasbro	28	9	1	174
Hawaiian Electric	713	494	369	136
Heck's	741	**	648	200
G Heileman Brewing	41	226	515	80

	Rank			
Company	**Profitability**	**Growth**	**Stock market**	**Industry survey page**
HJ Heinz	155	171	88	144
Hercules	626	557	407	58, 83
Hershey Foods	179	213	78	144
Hewlett-Packard	151	89	564	116, 116
Hillenbrand Inds	215	300	213	128, 154
Hilton Hotels	132	511	557	174
Holiday	540	297	397	174
Holly Corp	135	91	633	186
Home Federal S&L	**	**	**	72
Home Group	**	**	**	170
Honeywell	570	585	673	58, 116, 116
Hoover	788	**	145	128
George A Hormel	563	573	178	144
Hospital Corp	208	65	651	154
Household International	631	436	279	132, 150, 200
Houston Industries	561	508	588	136
Hughes Tool	766	**	922	186
Humana	24	42	467	154
Huntington Bcshs	474	451	120	72
EF Hutton Group	62	577	512	142
IC Industries	775	597	304	132, 144, 208
ICH	57	57	7	170
Ideal Basic Inds	899	**	931	122
Idle Wild Foods	539	658	500	144
Illinois Power	405	340	612	136, 180
Illinois Tool Works	296	409	262	160
Imperial Corp of Am	943	**	784	72
Inco	944	**	865	176
Ingersoll-Rand	832	**	837	160
Inland Steel	921	**	805	176
Insilco	534	561	683	116, 122
Inspiration Resources	936	**	**	83, 176
Intel	394	320	607	116
Interco	684	654	596	64, 132
InterFirst	662	**	904	72
Interlake	805	566	480	176
IBM	67	166	396	116
Intl Flavors & Frags	145	492	565	83
Intl Harvester	965	**	918	67
Intl Minerals & Chem	541	668	861	83
Intl Multifoods	451	469	354	144, 144
International Paper	777	745	695	192, 196
InterNorth	308	479	708	180
Interpublic Group	263	439	253	111
Interstate Bakeries	949	**	123	144
Iowa-Illinois G&E	355	292	382	136, 180
Iowa Resources	491	446	597	136, 180
Ipalco Enterprises	448	445	471	136
Irving Bank	478	468	530	72
ITT	698	612	701	132, 170, 210
IU International	217	757	809	132, 208
James River Corp Va	78	124	130	196
Jefferson Smurfit	3	20	**	192, 196
Jefferson-Pilot	577	287	182	170
Jerrico	276	270	459	150
Jim Walter	809	603	531	122, 132
Johnson & Johnson	202	374	603	128, 154
Johnson Controls	464	310	541	67, 166
Earle M Jorgensen	659	727	675	176
Jostens	91	272	313	200
Joy Manufacturing	634	744	858	160
JWT Group	613	660	517	111
K mart	554	270	439	200

Profitability: 5-year return on equity **Growth:** 5-year annual earnings-per-share growth **Stock Market:** 5-year price change **Not ranked.
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Where to find the company

Company	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Kaiser Alum & Chem	885	**	835	142, 176
Kaman	402	167	112	58, 160
Kaneb Services	462	**	927	186
Kansas City P&L	356	119	523	136
Kansas City Southern	341	251	356	208
Kansas Power & Light	362	242	326	136, 180
Kaufman & Broad	860	**	628	122, 170
Kay	754	**	877	142, 200
Kellogg	46	306	143	144
Kellwood	789	8	60	64
Kelly Services	69	332	69	166
Kemper	655	738	430	170
Kentucky Utilities	668	327	489	136
Kerr Glass Mfg	916	**	661	192
Kerr-McGee	670	709	772	186
KeyCorp	482	286	137	72
Kidde	521	591	581	132
Kimberly-Clark	436	602	274	128, 196
KN Energy	441	516	**	180
Knight-Ridder	327	331	235	111
Koppers	881	**	827	83, 122, 132
Kroger	374	540	363	150
Laclede Gas	464	263	318	180
Lafarge	908	**	**	122
Lear Siegler	184	535	670	58, 67, 132
Leaseway Transport	429	646	699	208
Libbey-Owens-Ford	827	363	424	67, 160
Life Investors	689	258	234	170
Eli Lilly	106	333	567	154
Limited	7	14	3	200
Lincoln National	683	518	257	170
Liquid Air	672	634	788	83
Litton Industries	93	419	752	58, 132, 160
Lockheed	22	**	84	58
Loews	105	229	76	80, 170
Lone Star Industries	821	**	740	122
Long Island Lighting	455	440	884	136
Longs Drug Stores	239	335	469	200
Longview Fibre	846	215	804	192, 196
Loral	290	192	549	58
Louisiana Land	291	679	**	186
Louisiana-Pacific	867	**	720	122
Louisville G&E	604	377	507	136, 180
M Lowenstein	680	19	**	64, 128
Lowe's Cos	331	90	197	200
LTV	887	**	917	58, 176
Lubrizol	251	670	850	83
Lucky Stores	203	548	519	150, 200
Lukens	898	**	691	176
M/A-Com	318	364	901	116, 210
Mack Trucks	911	**	**	67
Macmillan	650	17	39	111
RH Macy	118	100	90	200
Magic Chef	591	44	27	128
Manhattan Industries	511	751	260	64, 200
Manufacturers Hanover	512	471	663	72
Manufacturers Natl	732	367	139	72
Manville	893	**	930	122
Mapco	274	649	793	186
Marine Midland Banks	720	373	411	72
Marriott	101	112	173	150, 174
Marsh & McLennan Cos	89	642	319	170
Marsh Supermarkets	543	673	308	150

Company	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Martin Marietta	731	**	553	58, 132
Maryland National	474	326	152	72
Masco	182	381	289	122
Masco Industries	**	**	**	67, 160, 186
Massey-Ferguson	971	**	856	67, 160
Mattel	956	**	696	174
May Dept Stores	344	182	159	200
Maytag	71	324	216	128
MCA	538	587	158	174
McCormick	224	83	431	144
McDermott Intl	796	716	890	160, 186
McDonald's	99	160	147	150
McDonnell Douglas	583	200	598	58
McGraw-Hill	98	209	426	111
MCI Communications	26	28	179	210
McKesson	493	609	535	80, 154
McLean Industries	157	264	**	208
MCorp	212	353	794	72
Mead	774	**	569	192, 196
Media General	289	296	214	111, 196
MEI	43	84	100	80
Mellon Bank	576	436	563	72
Melville	64	223	217	200, 200
Mercantile Bancorp	409	458	337	72
Mercantile Stores	322	137	55	200
Merck	114	425	589	154
Meredith	205	139	129	111, 111
Meridian Bancorp	424	345	**	72
Merrill Lynch	247	619	490	142
MGM Grand Hotels	218	728	374	174
MGM/UA Entertainment	558	545	232	174
Michigan National	838	**	377	72
MidCon	534	401	435	180
Middle South Utils	543	416	795	136
Midland-Ross	896	**	838	134, 160
Midlantic Banks	124	281	99	72
Herman Miller	115	140	134	166
Minn Mining & Mfg	164	513	610	132
Minstar	847	1	6	208
Mission Insurance	919	**	933	170
Mitchell Energy	48	676	905	180, 186
Mobil	421	685	814	186
Mohasco	873	**	209	128
Monarch Capital	695	563	205	170
Monfort of Colorado	266	87	40	144
Monsanto	703	342	643	83
Montana Power	573	579	734	136, 180
Moore Corp	365	554	485	166
Moore McCormack	770	746	829	122
JP Morgan	369	266	338	72
Morrison-Knudsen	441	406	745	122
Morse Shoe	723	**	757	200
Morton Thiokol	130	152	92	58, 83
Motorola	361	285	593	116, 210
Munford	526	23	89	150
Murphy Oil	192	571	854	186
Nalco Chemical	96	506	756	83
Nash Finch	499	408	149	150, 150
Nashua	869	**	689	116, 166
National City	591	429	361	72
Natl Convenience	50	149	222	150
National Distillers	790	726	657	83, 132, 186
National Fuel Gas	530	220	408	180

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked
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Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
National Gypsum	669	534	199	122, 122
National Intergroup	937	**	717	72, 176
National Medical	134	59	577	154
Natl Semiconductor	648	**	760	116
National Service	187	311	133	134, 166
National-Standard	904	**	715	176
NBD Bancorp	661	428	194	72
NCNB	335	260	184	72
NCR	443	371	410	116
New England Electric	319	210	328	136
NY State E&G	471	420	505	136
New York Times	138	108	93	111
Newmont Mining	752	756	747	176
Niagara Mohawk Power	478	324	504	136, 180
Nicor	858	**	840	180
NIKE	5	39	642	64
NL Industries	736	**	912	83, 186
Nordstrom	238	132	70	200
Norfolk Southern	529	578	629	208
Norstar Bancorp	380	309	203	72
North American Coal	343	55	441	109
North Amer Philips	559	406	446	116, 128
Northeast Utilities	455	111	359	136
No Indiana Pub Svc	768	571	811	136, 180
No States Power	388	206	309	136, 180
Northern Trust	754	661	267	72
Northrop	338	496	323	58
Northwestern Natl Life	811	678	427	170
Northwestern Steel	913	**	853	176
Norton	654	713	868	160
Norwest	676	683	750	72
Nucor	227	618	623	176
NVF	961	**	936	176
NWA	872	145	371	62
Nynex	**	**	**	210
Oak Industries	959	**	942	116
Occidental Petroleum	163	755	739	144, 186
Ogden	586	706	707	132
Ohio Casualty	527	711	355	170
Ohio Edison	568	356	618	136
Oklahoma G&E	525	195	450	136
Old Republic Intl	236	413	161	170
Olin	770	336	483	83, 132
Oneok	358	570	798	180
Orange & Rockland	512	387	357	136, 180
Outboard Marine	726	18	83	174
Owens-Corning	757	467	637	122
Owens-Illinois	780	662	378	192
Oxford Industries	229	38	64	64
Paccar	554	650	646	67
Pacific Gamble	825	737	697	150, 150
Pacific G&E	500	347	470	136, 180
Pacific Lighting	505	520	390	180
Pacific Resources	631	**	735	186
Pacific Telesis	**	**	**	210
PacifiCorp	415	304	615	136
Paine Webber Group	351	639	420	142
Palm Beach	353	615	415	64
Pan Am	954	**	468	62
Panhandle Eastern	294	595	812	180
Pantry Pride	972	**	297	150
Parker Drilling	686	**	935	186
Parker-Hannifin	482	626	526	160

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Parker Pen	805	**	694	166
Payless Cashways	211	114	301	200
Penn Central	762	**	409	116, 132, 186
Penn Traffic	709	614	464	150
JC Penney	599	207	320	200
Pennsylvania P&L	615	530	497	136
Pennwalt	775	644	614	83
Pennzoil	183	707	666	186
Pentair	170	470	176	160, 196
People Express	876	**	243	62
Peoples Energy	433	499	322	180
PepsiCo	293	590	283	80, 144
Perini	657	688	**	122
Perkin-Elmer	352	567	800	58, 116
Petrie Stores	165	527	224	200
Pfizer	212	173	465	154
Phelps Dodge	930	**	879	176
PHH Group	88	136	559	166
Phibro-Salomon	47	625	150	142, 142
Philadelphia Electric	579	370	655	136
Philip Morris Cos	80	208	502	80
Phillips Petroleum	334	617	849	186
Phillips-Van Heusen	715	85	46	64
Piedmont Aviation	167	457	177	62
Pillsbury	283	293	175	144, 150
Pioneer	26	244	826	186
Pioneer Hi-Bred Intl	94	397	521	144
Pitney Bowes	249	329	240	116
Pittston	907	**	888	62, 109
Pittway	331	431	434	111, 128, 192
PNC Financial	280	196	**	72
Polaroid	862	656	575	174
Ponderosa	721	521	349	150
Portland Genl Electric	410	117	473	136
Potlatch	814	699	742	122, 196
Potomac Electric	484	240	245	136
PPG Industries	509	474	282	67, 122
Price Co	1	7	2	200
Primark	796	43	641	180
Prime Computer	23	151	834	116
Procter & Gamble	178	308	438	128, 128
Provident Life & Acc	494	359	315	170
PSA	807	**	810	62
PSFS	**	**	**	72
Public Service Colo	597	303	609	136, 180
Public Service Ind	545	695	906	136
Public Service NH	486	433	882	136
Public Service E&G	612	398	476	136, 180
Pueblo International	792	557	81	150
Puget Sound P&L	641	550	660	136
Pulte Home	54	138	91	122
Purolator Courier	237	464	815	62, 67
Quaker Oats	353	488	115	144
Quaker State Oil	635	616	688	186
Questar	402	183	653	180
Rainier Bancorp	515	383	248	72
Ralston Purina	299	181	80	144, 144
Ramada Inns	918	**	706	174
Raychem	382	559	693	134
Raytheon	154	559	767	58, 116, 132
RCA	766	**	532	111, 128, 132
Reading & Bates	341	743	934	186
Reichhold Chemicals	782	234	242	83

Profitability: 5 year return on equity **Growth:** 5 year annual earnings per share growth **Stock Market:** 5 year price change **Not ranked
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Rank

Company	Profitability	Growth	Stock market	Industry survey page
Republic Airlines	967	**	551	62
Republic New York	107	265	525	72
RepublicBank	314	402	700	72
Research-Cottrell	813	702	538	166
Resorts Intl	778	**	493	174
Revco DS	120	135	413	200
Revere Copper	932	**	817	176
Revlon	567	682	681	128, 154
Rexnord	833	754	816	160
RJ Reynolds Inds	73	217	583	80, 144
Reynolds Metals	861	**	748	176
Riggs National	588	495	362	72
Rite Aid	75	97	335	200
RLC	729	723	676	208
Roadway Services	140	247	484	208
Robertshaw Controls	662	150	208	134
HH Robertson	316	666	702	122
AH Robins	946	**	778	154
Rochester G&E	489	193	429	136, 180
Rockwell Intl	218	246	561	58, 67
Rohm & Haas	406	226	202	83
Rohr Industries	413	29	85	58
Rollins	692	466	**	166
Roper Corp	672	72	250	128
Rorer Group	137	460	360	154, 154
Rose's Stores	370	63	35	200
Rubbermaid	253	125	43	128
Ruddick	412	250	305	150
Ryan Homes	726	638	725	122
Ryder System	233	242	239	208
Rykoff-Sexton	565	249	154	150
Safeco	574	574	259	170
Safeway Stores	564	404	294	150
Saga	173	12	36	150
St Paul Cos	801	**	403	170
San Diego G&E	436	116	329	136
Sanders Associates	239	184	709	58, 116
Santa Fe Southern	681	523	**	208
Sara Lee	232	223	94	144
Savannah Foods	15	106	28	144
Savin	962	**	909	166
Scana	547	355	460	136, 180
Schering-Plough	346	599	604	128, 154
Schlumberger	33	307	895	116, 186
SCI Systems	241	33	278	116
SCM	765	669	191	122, 132
SCOA Industries	65	311	193	200
Scott & Fetzer	362	360	249	111, 132
Scott Paper	717	594	350	128, 196
Sea-Land	**	69	**	208
Seagram	448	128	334	80
Sealed Power	407	230	389	67
Sears, Roebuck	700	204	266	170, 200
Seaway Food Town	615	714	339	150
Security Pacific	306	294	387	72
Service Merchandise	175	156	271	200
ServiceMaster Inds	6	93	333	166
Shaklee	147	514	682	128
Shaw Industries	261	110	29	128
Shawmut	608	288	238	72
Sheller-Globe	807	254	71	67
Sherwin-Williams	523	66	66	200, 200
Shopwell	837	**	162	150

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Singer	822	**	165	58, 128
Skyline	843	621	738	67, 122
AO Smith	925	**	265	67
Smith International	815	**	939	186
Smithfield Foods	517	715	101	144
SmithKline Beckman	29	313	763	154, 154
Snap-on Tools	147	423	433	67
Society	631	394	207	72
Sonat	191	180	733	180
Sonoco Products	276	379	155	192
Southeast Banking	486	503	448	72
Southern Calif Edison	408	279	449	136
Southern Company	473	212	506	136
So New England Tel	533	337	269	210
Southern Union	769	**	767	180
Southland	323	237	201	150, 186
Southmark	196	3	188	142
Southwest Airlines	59	235	287	62
Southwest Forest Inds	915	**	894	122, 196
Southwestern Bell	**	**	**	210
Southwestern Pub Svc	192	225	351	136
Sovran Financial	317	162	**	72
Sperry	737	686	818	58, 116
Springs Industries	760	240	358	64, 128
Square D	186	575	626	134
Squibb	494	367	252	154
Staley Continental	470	730	770	144
Stanadyne	382	298	432	122, 160
Std Commercial Tob	243	456	273	80
Standard Oil Ohio	17	512	824	186
Stanley Works	498	510	495	128, 160
State Street Boston	131	70	18	72
Stater Bros	**	**	**	150
Sterling Drug	330	448	516	128, 154
JP Stevens	889	**	460	64, 128
Stewart & Stevenson	829	**	788	160
Stewart-Warner	824	729	677	160
Stone Container	594	**	244	192
Stop & Shop Cos	200	48	32	150, 200
Storage Technology	935	**	945	116
Storer Communications	890	**	171	111
Strawbridge	610	106	26	200
Student Loan	11	10	**	142
Subaru of America	4	34	15	67
Sun Chemical	579	721	498	83, 116
Sun Company	396	658	732	186
Sundstrand	286	647	779	58, 160
SunTrust Banks	**	140	**	72
Super Food Services	554	96	56	150
Super Valu Stores	53	165	192	150
Supermarkets General	126	158	50	150
Swift Independent	76	653	406	144
Sybron	902	**	638	154
Sysco	172	120	156	150
Talley Industries	920	**	110	58, 128
Tandem Computers	192	45	831	116
Tandy	9	58	570	116, 200
TECO Energy	397	357	456	136
Tecumseh Products	370	421	405	160
Tektronix	388	538	797	116
Teledyne	121	474	442	58, 132, 170
Telex	37	6	10	116
Temple-Inland	**	**	**	122, 192

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked
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Where to find the company

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Tenneco	446	623	821	180, 186
Tesoro Petroleum	119	753	880	186
Texaco	636	749	839	186
Texas Air	968	**	606	62
Texas American Bcshs	439	455	741	72
Texas Commerce Bcshs	136	172	803	72
Texas Eastern	336	581	774	180
Texas Instruments	649	**	783	58, 116
Texas Oil & Gas	21	60	758	180
Texas Utilities	344	288	543	136
Textron	760	629	522	58, 132, 160
Thorn Apple Valley	666	**	785	144
Thrifty Corp	280	197	68	200
Tidewater	702	**	926	186
TIE/Communications	35	22	698	210
Tiger International	960	**	910	62
Time Inc	180	24	**	111, 111
Times Mirror	220	299	284	111
Timken	831	**	836	160, 176
Todd Shipyards	81	375	680	58
Toledo Edison	549	352	635	136
Torchmark	494	187	57	170
Toro	927	**	622	128
Tosco	947	**	938	186
Toys "R" Us	63	50	25	200
Tracor	189	168	587	58
Trans World Airlines	**	**	**	62
Transamerica	575	643	488	170
Transco Energy	226	318	780	180
Transway Intl	710	651	501	208
Transworld	329	170	**	150, 174
Travelers	625	627	290	170
Tribune	645	551	**	111
Trinity Industries	348	**	881	122
TRW	303	529	652	58, 67, 132
Turner	56	109	352	122
Tyco Laboratories	92	562	466	166, 192
Tyler	312	492	510	83, 116, 122
Tyson Foods	418	36	17	144
UAL	859	**	237	62
UGI	739	758	851	180
Union Camp	427	543	571	192, 196
Union Carbide	757	741	667	83, 132
Union Pacific	639	630	852	186, 208
United Brands	905	**	602	144, 144
United Energy	247	750	759	180
United Illuminating	325	301	619	136
United Merchants	953	**	108	64
US Bancorp	453	532	574	72
US Home	851	**	900	122
United States Shoe	159	255	75	64, 200
United States Steel	894	**	730	176, 186
United Technologies	326	392	611	58, 122, 132
United Telecom	346	555	647	210
United Virginia Bkshs	282	203	138	72
Univar	507	515	514	83
Universal Foods	375	351	281	144
Universal Leaf	207	301	631	80, 170
Unocal	243	442	845	186
Upjohn	252	539	425	154
US West	**	**	**	210
USAir Group	139	385	524	62
USF&G	609	712	496	170

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
USG	491	489	236	122, 122
USLife	687	735	537	170
Utah Power & Light	627	519	540	136
Valero Energy	197	**	913	180
Valley National	417	545	547	72
Varian Associates	688	**	445	116
VF	32	46	23	64
Vulcan Materials	268	543	383	83, 122
Wachovia	319	129	104	72
Wal-Mart Stores	16	30	19	200
Waldbaum	413	231	86	150
Walgreen	113	105	37	200
Wang Laboratories	39	41	764	116
Warnaco	254	390	109	64
Warner Communications	931	**	776	174
Warner-Lambert	601	123	404	154, 154
Washington Gas Light	618	256	443	180
Washington National	779	731	724	170
Washington Post	85	104	54	111
Waste Management	104	86	341	166
Del E Webb	849	294	314	122, 174
Weis Markets	150	191	87	150
Wells Fargo	522	441	365	72
Wendy's Intl	68	129	67	150
West Point-Pepperell	566	267	416	64, 128
Western Air Lines	964	**	823	62
Western Co No Amer	368	**	944	186
Western Union	901	**	866	210
Westinghouse	337	366	180	58, 132, 134
Westmoreland Coal	922	**	787	109
Westvaco	578	522	503	196
Wetterau	551	269	302	150
Weyerhaeuser	816	725	782	122, 196
Wheeling-Pittsburgh	942	**	902	176
Whirlpool	263	218	295	128
White Consolidated	850	**	639	128
Whittaker	269	613	848	132, 154
Wickes Cos	970	**	911	200
Wicor	690	482	605	180
Willamette Inds	748	690	632	122, 196
Williams Cos	714	605	860	83, 180
Wilson Foods	952	**	719	144
Winn-Dixie Stores	168	354	342	150
Winn Enterprises	**	**	187	144
Wisconsin Electric	445	194	246	136, 180
Wisconsin P&L	364	245	311	136, 180
Wisconsin Public Svc	423	317	276	136, 180
Witco	375	430	428	83
FW Woolworth	875	**	317	200, 200
Worthington Inds	79	444	457	176
Wm Wrigley Jr	419	405	223	144
Wyman-Gordon	174	273	703	58
Xerox	622	732	754	116, 170
Yellow Freight System	602	127	168	208
Zale	762	**	718	200
Zapata	288	484	925	144, 186
Zayre	367	62	12	200, 200
Zenith Electronics	793	**	762	116, 128
Zurn Industries	436	606	386	160

Profitability: 5 year return on equity **Growth:** 5 year annual earnings per share growth **Stock Market:** 5 year price change **Not ranked
Note: A repeated page number indicates that the company is listed in more than one subindustry

Opponents of the current system of utility taxation may not be fighting the battle that they really want to win.

Phantom taxes or phantom issue?

By Richard Greene

MOST LARGE COMPANIES use investment tax credits and accelerated depreciation to get interest-free loans from Uncle Sam that show up as deferred taxes. But when utilities do it, the credits are dubbed "phantom taxes" by critics and the utilities get into hot water.

"I certainly don't think consumers should be paying money to a utility for taxes that aren't being paid to the government," says Richard M. Kessel, chairman of the New York State Consumer Protection Board, a government agency. "Consumers should only pay for power they're getting."

Over the last decade a series of bills have been brought to Congress that would make Kessel happy. Currently alive is one sponsored by Senator Tom Harkin (D–Iowa) and Representative Byron Dorgan (D–N.D.) called the Electric Utility Tax Reform Act of 1985. It would permit state utility commissioners to order utilities to "flow through" their tax benefits to customers by lowering rates.

Among groups supporting the Harkin-Dorgan bill are the American Association of Retired Persons, the United Auto Workers, Friends of the Earth, the United Methodist Church, the National Taxpayers Union and the Sierra Club.

Big bucks are at stake here. The Environmental Action Foundation, a nonprofit group that keeps tabs on utilities, says the 125 largest publicly held utilities had $41.5 billion in deferred taxes at the end of 1984. And the numbers keep growing. In 1984 those utilities had a record $7.4 billion in federal taxes they did not have to pay that year. Pacific Gas & Electric of California alone accrued some $526 million in 1984 deferred taxes; Commonwealth Edison of Illinois, $402 million; and Alabama Power Co., $234 million.

Tempting target

There is no question that the amounts of money that utilities accumulate in deferred taxes are enough to get anyone's attention. Below, the ten publicly held utilities that, according to the Environmental Action Foundation, accumulated the most deferred taxes in 1984. Those with negative figures under "federal income taxes owed," of course, received refunds in 1984.

Utility	Federal income taxes charged to customers	1984 Income taxes owed	1984 Deferred taxes	Accumulated deferred taxes and credits
	(millions)			
Pacific Gas & Electric	$496.7	–$28.9	$525.5	$969.2
Southern Calif Edison Co	575.9	140.5	435.4	399.0
Commonwealth Edison (Ill)	426.9	25.4	401.5	2,135.7
Alabama Power Co	189.5	–44.4	233.8	1,075.0
Public Service Elec & Gas Co (NJ)	255.3	21.6	233.7	1,355.0
Florida Power & Light	244.7	38.3	206.4	1,630.8
Philadelphia Electric Co	203.9	5.6	198.3	822.1
Long Island Lighting Co	197.1	16.2	180.9	283.4
Houston Lighting & Power Co	232.1	55.5	176.7	1,033.7
Pa Power & Light Co	172.2	0.4	171.7	497.9

Source: Reports filed by individual utilities to Federal Energy Regulatory Commission as compiled by the Environmental Action Foundation

All this talk of forcing utilities to hand that kind of money over to their ratepayers makes power company officers blow a fuse. "At first we thought these people just didn't understand what they were talking about," says Edward Crosby, a spokesman for the Alabama Power Co., "but I've become convinced that they really understand, and distort the facts to attack privately owned utilities."

Crosby and other utility spokesmen point out that deferred taxes are not forgiven taxes. They will ultimately be paid. More important, investment tax credits and accelerated depreciation are tax benefits Congress put into place specifically to encourage capital investment. If the tax credits are flowed through to ratepayers, then utilities will eventually be forced to borrow the money they need for upkeep of current plant and equipment and for new building projects.

And who will eventually pay the interest charges on that debt? The consumer, of course.

So what's the real issue here? Just this: Proponents of this bill argue that utilities made a big mistake in building generating capacity over the last 15 years that now is not needed. If the tax system hadn't encouraged building, then they wouldn't have made some of these mistakes.

As Richard E. Morgan, research coordinator for the Environmental Action Foundation, recently wrote, "As long as a utility keeps growing, it can continue to postpone paying most or all of its federal income taxes. This powerful growth incentive encourages utilities to rely on costly centralized generating technologies and discourages them from pursuing energy conservation and alternative energy strategies."

Aside from the obvious fact that no utility would have risked the pain of overcapacity for the tax goodies available, there's another contradiction in that statement: What possible good could come from putting more power into the hands of the state utility commissioners, as the Harkin bill recommends? Weren't these the men and women who approved the building that created all this overcapacity in the first place? Fifteen years ago, when the utilities were assuming that electricity demand would be growing at 7% a year, you didn't hear many commissioners protesting.

Besides, if you want to stop tax benefits that may encourage building, there's a more direct route, one which many of the proponents of the Harkin bill are also pursuing. Congress, as part of the big tax reform package, is thinking of doing away with all investment tax credits.

But then, debating the pros and cons of investment tax credits might not be as popular an issue among voters as the promise of lower utility rates—however briefly. ■

Numbers Game

Can accountants predict the future, and who would believe it even if they could? Plaintiffs' lawyers, that's who.

Auditing the tea leaves

By John Hayes

TOWARD THE END of the prospectus for Signature VII Ltd., an Indiana limited partnership to invest in Midwest motels, is Exhibit B showing the cash distributions, tax savings and aftertax returns an investor may expect for the first ten years.

Run your finger across the numbers for the seventh year, and you see that a 42%-bracket investor will earn a 17.45% aftertax annual return.

Really? None of the tables in Exhibit B are audited, and the footnotes contain a regiment of caveats. The first footnote warns that the illustration represents "events based on assumptions which . . . may not be relied on to indicate the actual results which will be obtained." The second footnote: "These figures should not be considered projections. They are for illustrative purposes only."

Currently there is no federal requirement that such discussions of what might happen in the future be audited. But investors rely on forecasts, and audited figures can be an important sales tool in any offering. Issuers want that certification. Now, after more than ten years of work, the Auditing Standards Board has completed binding guidelines for auditing "prospective financial information."

Chas B Slackman

The rules, which go into effect in September, are sorely needed. Were Signature VII to ask an accountant to audit its numbers, the new standards would forbid him to, because the numbers are only projections based on hypotheses: What if we rent 60% of the rooms our first year? What if we charge $40 a night and raise that 5% every year? What if we pay 13% for our mortgage?

Had those been the sponsor's best estimate of actual future conditions, and were they backed by supporting evidence instead of mere hypotheses, then the accountant could label them forecasts and proceed with his audit.

But not if they are projections. Under the new rules, projections are acceptable only when interested parties are in direct contact. But investors can't sit down with management and discuss why various assumptions have been made.

Of course, there are some things a prospectus should not try to forecast: For example, what accountant could certify predictions of the future earnings of a racehorse in syndication? If you could do that, says Ernst & Whinney's George Duva, "you should get out of the accounting business and go into the horse-betting business."

Since when do accountants dictate how a prospectus should be worded? Isn't that the province of the Securities & Exchange Commission?

Well, yes. In fact, the SEC has been actively encouraging financial forecasts since 1979. Few companies have responded for fear of lawsuits if the forecasts turn out to be in error (FORBES, *Oct. 21, 1985*). So the SEC has yet to spell out how the information should be presented, or even if it should be audited.

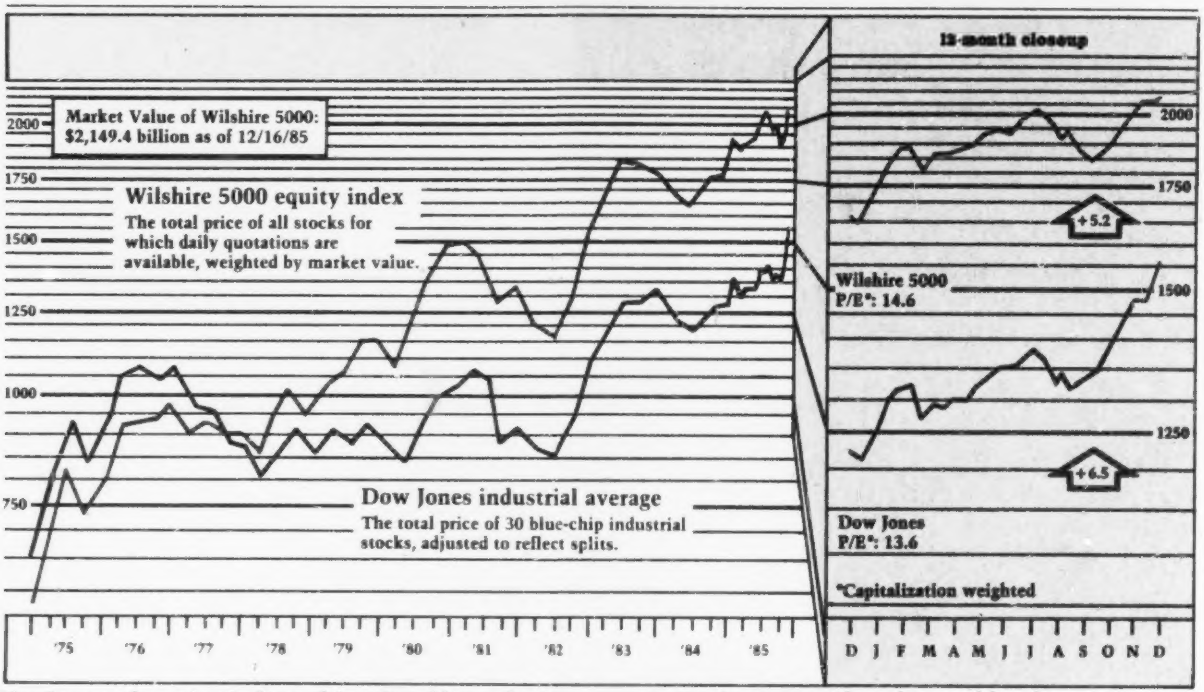
For accountants who have always clung fiercely to historical cost, those rules break new ground—"relatively dangerous ground," worries Dennis Beresford, partner at Ernst & Whinney. "But this is something investors want." And need.

Will auditor liability be increased? Probably. But lawyers feel full disclosure provides substantial protection for sponsors and auditors alike. "If you've ever read one of these things," says Jeffrey Rubenstein of Sachnoff, Weaver & Rubenstein, "it says every project is going to go bankrupt, and the general partner is going to steal all the money. When that happens the answer is, 'We told you so.' "

Forecast auditing is just a first step, says Coopers & Lybrand's Jerry Sullivan, the new chairman of the Auditing Standards Board. For the future, his committee will consider whether auditors should be prepared to evaluate disclosure of significant risks an investor may face in buying a specific security. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



The danger of moving in hyperdrive. Tumbling oil prices and interest rates are pushing up stock prices—almost 100 points on the Dow industrials in the last two weeks. During the same time the market capitalization of the Wilshire index increased by $107 billion—$17 billion on just the final day of the period.

Is this sustainable? Of course not. The economic outlook has improved and analysts have tempered their recent cuts in 1986 earnings estimates, but prospects for a correction increase with each record-breaking session.

Consider that the nearly 5,500 issues that make up the Wilshire index now sell at 14.6 times latest 12-month earnings. That means buyers at today's prices are getting an earnings yield—the reciprocal of the P/E—of only 6.8%, compared with 9.5% on long-term Treasury bonds.

Perhaps, as some have predicted, the Dow will flirt with the high teens later in the year. But the averages won't continue moving upward in a straight line.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.4	6.7	7.9	6.4	3.2	6.2
in last 52 weeks	30.4	32.3	32.0	29.1	22.3	36.4

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.5	4.4	6.5	4.4	5.5	6.2	3.7	5.3	6.4	6.3	6.7	1.5
in last 52 weeks	32.5	35.5	54.7	36.5	34.2	37.1	28.8	48.7	53.3	36.4	42.2	21.5

[1] Based on sales.
[2] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

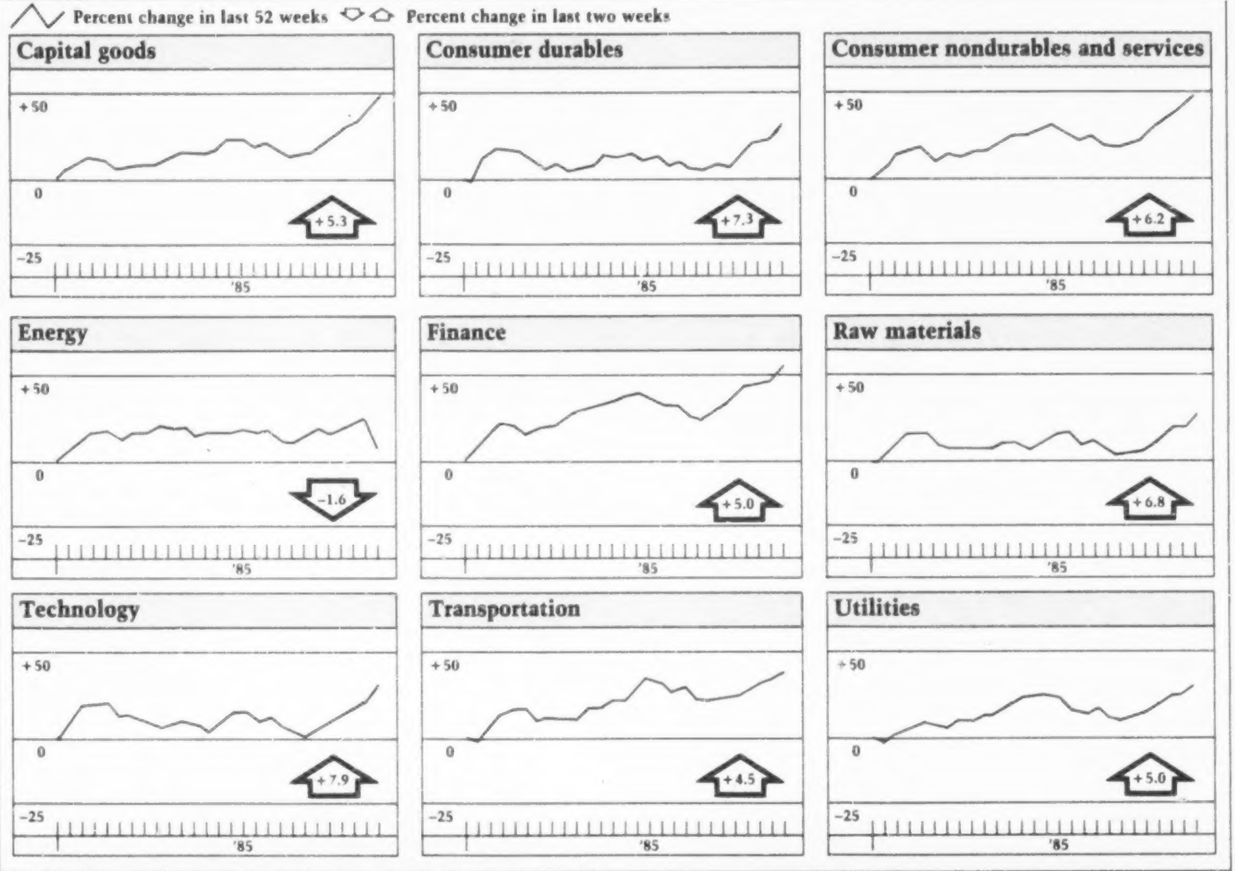
Note: All data for periods ending 12/16/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Guy French

Where The Action Is

Takeovers add to a sizzling market. The 5.2% rise in the Wilshire index during the last two weeks was broadly based. But merger deals and battles helped. Leading the 7.3% rise in consumer durables was RCA, with a 27.3% gain, following the electronics and entertainment giant's agreement to be acquired by General Electric. In turn, GE had the greatest rise (nearly 14%) of the major stocks in the capital goods sector.

Falling oil prices and continued doubts about Texaco gave the energy group a 1.6% loss. This decline would have been even sharper but for a 23% rise in MidCon, a diversified gas pipeliner and energy company, which became a target of a partnership between Freeport-McMoRan and the privately owned Wagner & Brown.



What The Analysts Think

What a difference a year makes. Last year at this time the estimated P/E for the Forbes Sales 500 for fiscal year 1985 was 7.8. Since then the Dow has jumped over 375 points. Latest IBES projections show the Forbes 500 selling at 10.2 estimated earnings for the new fiscal year 1986. Estimates are clearly not keeping pace with the rising market.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.21	13.6
1985 estimates	3.65	12.0
1986 estimates	4.28	10.2

Rank based on change in estimate	Sector	Estimated 1985 EPS	P/E	% change in 1985 estimate in 2 weeks	in 4 weeks
1	Consumer durables	5.01	9.5	0.86	0.66
2	Utilities	3.46	8.8	0.35	0.05
3	Finance	3.07	12.0	–0.11	–0.37
4	Consumer nondurables	2.32	15.1	–0.22	–0.68
5	Energy	3.42	8.7	–0.35	–1.28
6	Capital goods	2.45	15.0	–0.45	–2.05
7	Technology	2.48	16.3	–0.61	–2.36
8	Raw materials	1.67	13.7	–1.58	–5.01
9	Transportation	2.12	13.7	–2.03	–5.05

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 12/16/85. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.